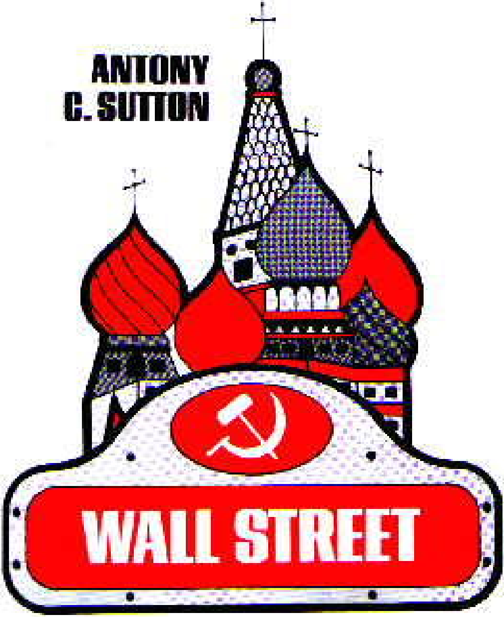
WALL STREET AND THE BOLSHEVIK REVOLUTION

ANTONY C. SUTTON



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AND THE
BOLSHEVIK REVOLUTION

By
Antony C. Sutton

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TO

those unknown Russian libertarians, also
known as Greens, who in 1919 fought both
the Reds and the Whites in their attempt to
gain a free and voluntary Russia

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PREFACE

Since the early 1920s, numerous pamphlets and articles, even a few books, have sought to forge a link between "international bankers" and "Bolshevik revolutionaries." Rarely have these attempts been supported by hard evidence, and never have such attempts been argued within the framework of a scientific methodology. Indeed, some of the "evidence" used in these efforts has been fraudulent, some has been irrelevant, much cannot be checked. Examination of the topic by academic writers has been studiously avoided; probably because the hypothesis offends the neat dichotomy of capitalists versus Communists (and everyone knows, of course, that these are bitter enemies). Moreover, because a great deal that has been written borders on the absurd, a sound academic reputation could easily be wrecked on the shoals of ridicule. Reason enough to avoid the topic.

Fortunately, the State Department Decimal File, particularly the 861.00 section, contains extensive documentation on the hypothesized link. When the evidence in these official papers is merged with nonofficial evidence from biographies, personal papers, and conventional histories, a truly fascinating story emerges.

We find there was a link between *some* New York international bankers and *many* revolutionaries, including Bolsheviks. These banking gentlemen — who are here identified — had a financial stake in, and were rooting for, the success of the Bolshevik Revolution.

Who, why — and for how much — is the story in this book.

Antony C. Sutton

March 1974

BACK

Chapter I

THE ACTORS ON THE REVOLUTIONARY STAGE

Dear Mr. President:

I am in sympathy with the Soviet form of government as that best suited for the Russian people...

Letter to President Woodrow Wilson (October 17, 1918) from William Lawrence Saunders, chairman, Ingersoll-Rand Corp.; director, American International Corp.; and deputy chairman, Federal Reserve Bank of New York

The frontispiece in this book was drawn by cartoonist Robert Minor in 1911 for the *St. Louis Post-Dispatch.* Minor was a talented artist and writer who doubled as a Bolshevik revolutionary, got himself arrested in Russia in 1915 for alleged subversion, and was later bank-rolled by prominent Wall Street financiers. Minor's cartoon portrays a bearded, beaming Karl Marx standing in Wall Street with *Socialism* tucked under his arm and accepting the congratulations of financial luminaries J.P. Morgan, Morgan partner George W. Perkins, a smug John D. Rockefeller, John D. Ryan of National City Bank, and Teddy Roosevelt — prominently identified by his famous teeth — in the background. Wall Street is decorated by Red flags. The cheering crowd and the airborne hats suggest that Karl Marx must have been a fairly popular sort of fellow in the New York financial district.

Was Robert Minor dreaming? On the contrary, we shall see that Minor was on firm ground in depicting an enthusiastic alliance of Wall Street and Marxist socialism. The characters in Minor's cartoon — Karl Marx (symbolizing the future revolutionaries Lenin and Trotsky), J. P. Morgan, John D. Rockefeller — and indeed Robert Minor himself, are also prominent characters in this book.

The contradictions suggested by Minor's cartoon have been brushed under the rug of history because they do not fit the accepted conceptual spectrum of political left and political right. Bolsheviks are at the left end of the political spectrum and Wall Street financiers are at the right end; *therefore,* we implicitly reason, the two groups have nothing in common and any alliance between the two is absurd. Factors contrary to this neat conceptual arrangement are usually rejected as bizarre observations or unfortunate errors. Modern history possesses such a built-in duality and certainly if too many uncomfortable facts have been rejected and brushed under the rug, it is an inaccurate history.

On the other hand, it may be observed that both the extreme right and the extreme left of the conventional political spectrum are absolutely collectivist. The national socialist (for example, the fascist) and the international socialist (for example, the Communist) both recommend totalitarian politico-economic systems based on naked, unfettered political power and individual coercion. Both systems require monopoly control of society. While monopoly control of industries was once the objective of J. P. Morgan and J. D. Rockefeller, by the late nineteenth century the inner sanctums of Wall Street understood that the most efficient way to gain an unchallenged monopoly was to "go political" and

make society go to work for the monopolists — under the name of the public good and the public interest. This strategy was detailed in 1906 by Frederick C. Howe in his *Confessions of a Monopolist.*[1] Howe, by the way, is also a figure in the story of the Bolshevik Revolution.

Therefore, an alternative conceptual packaging of political ideas and politico-economic systems would be that of ranking the degree of individual freedom versus the degree of centralized political control. Under such an ordering the corporate welfare state and socialism are at the same end of the spectrum. Hence we see that attempts at monopoly control of society can have different labels while owning common features.

Consequently, one barrier to mature understanding of recent history is the notion that all capitalists are the bitter and unswerving enemies of all Marxists and socialists. This erroneous idea originated with Karl Marx and was undoubtedly useful to his purposes. In fact, the idea is nonsense. There has been a continuing, albeit concealed, alliance between international political capitalists and international revolutionary socialists — to their mutual benefit. This alliance has gone unobserved largely because historians — with a few notable exceptions — have an unconscious Marxian bias and are thus locked into the impossibility of any such alliance existing. The open-minded reader should bear two clues in mind: monopoly capitalists are the bitter enemies of laissez-faire entrepreneurs; and, given the weaknesses of socialist central planning, the totalitarian socialist state is a perfect captive market for monopoly capitalists, if an alliance can be made with the socialist powerbrokers. Suppose — and it is only hypothesis at this point — that American monopoly capitalists were able to reduce a planned socialist Russia to the status of a captive technical colony? Would not this be the logical twentieth-century internationalist extension of the Morgan railroad monopolies and the Rockefeller petroleum trust of the late nineteenth century?

Apart from Gabriel Kolko, Murray Rothbard, and the revisionists, historians have not been alert for such a combination of events. Historical reporting, with rare exceptions, has been forced into a dichotomy of capitalists versus socialists. George Kennan's monumental and readable study of the Russian Revolution consistently maintains this fiction of a Wall Street-Bolshevik dichotomy.[2] *Russia Leaves the War* has a single incidental reference to the J.P. Morgan firm and no reference at all to Guaranty Trust Company. Yet both organizations are prominently mentioned in the State Department files, to which frequent reference is made in this book, and both are part of the core of the evidence presented here. Neither self-admitted "Bolshevik banker" Olof Aschberg nor Nya Banken in Stockholm is mentioned in Kennan yet both were central to Bolshevik funding. Moreover, in minor yet crucial circumstances, at least crucial for *our* argument, Kennan is factually in error. For example, Kennan cites Federal Reserve Bank director William Boyce Thompson as leaving Russia on November 27, 1917. This departure date would make it physically impossible for Thompson to be in Petrograd on December 2, 1917, to transmit a cable request for $1 million to Morgan in New York. Thompson in fact left Petrograd on December 4, 1918, two days after sending the cable to New York. Then again, Kennan states that on November 30, 1917, Trotsky delivered a speech before the Petrograd Soviet in which he observed, "Today I had here in the Smolny Institute two Americans closely connected with American Capitalist elements "According to Kennan, it "is difficult to imagine" who these two Americans "could have been, if not Robins and Gumberg." But in [act Alexander Gumberg was Russian, not American. Further, as Thompson was still in Russia on November 30, 1917, then the two Americans who visited Trotsky were more than likely Raymond Robins, a mining promoter turned do-gooder, and Thompson, of the Federal Reserve Bank of New

York.

The Bolshevization of Wall Street was known among well informed circles as early as 1919. The financial journalist Barron recorded a conversation with oil magnate E. H. Doheny in 1919 and specifically named three prominent financiers, William Boyce Thompson, Thomas Lamont and Charles R. Crane:

> Aboard S.S. Aquitania, Friday Evening, February 1, 1919.
>
> Spent the evening with the Dohenys in their suite. Mr. Doheny said: If you believe in democracy you cannot believe in Socialism. Socialism is the poison that destroys democracy. Democracy means opportunity for all. Socialism holds out the hope that a man can quit work and be better off. Bolshevism is the true fruit of socialism and if you will read the interesting testimony before the Senate Committee about the middle of January that showed up all these pacifists and peace-makers as German sympathizers, Socialists, and Bolsheviks, you will see that a majority of the college professors in the United States are teaching socialism and Bolshevism and that fifty-two college professors were on so-called peace committees in 1914. President Eliot of Harvard is teaching Bolshevism. The worst Bolshevists in the United States are not only college professors, of whom President Wilson is one, but capitalists and the wives of capitalists and neither seem to know what they are talking about. William Boyce Thompson is teaching Bolshevism and he may yet convert Lamont of J.P. Morgan & Company. Vanderlip is a Bolshevist, so is Charles R. Crane. Many women are joining the movement and neither they, nor their husbands, know what it is, or what it leads to. Henry Ford is another and so are most of those one hundred historians Wilson took abroad with him in the foolish idea that history can teach youth proper demarcations of races, peoples, and nations geographically.[3]

In brief, this is a story of the Bolshevik Revolution and its aftermath, but a story that departs from the usual conceptual straitjacket approach of capitalists versus Communists. Our story postulates a partnership between international monopoly capitalism and international revolutionary socialism for their mutual benefit. The final human cost of this alliance has fallen upon the shoulders of the individual Russian and the individual American. Entrepreneurship has been brought into disrepute and the world has been propelled toward inefficient socialist planning as a result of these monopoly maneuverings in the world of politics and revolution.

This is also a story reflecting the betrayal of the Russian Revolution. The tsars and their corrupt political system were ejected only to be replaced by the new powerbrokers of another corrupt political system. Where the United States could have exerted its dominant influence to bring about a free Russia it truckled to the ambitions of a few Wall Street financiers who, for their own purposes, could accept a centralized tsarist Russia or a centralized Marxist Russia but not a decentralized free Russia. And the reasons for these assertions will unfold as we develop the underlying and, so far, untold history of the Russian Revolution and its aftermath.[4]

Footnotes:

[1]"These are the rules of big business. They have superseded the teachings of our parents and are reducible to a simple maxim: Get a monopoly; let Society work for you: and remember that the best of all business is politics, for a legislative grant, franchise, subsidy or tax exemption is worth more than a Kimberly or Comstock lode, since it does not require any labor, either menta

Chapter II

TROTSKY LEAVES NEW YORK TO COMPLETE THE REVOLUTION

> You will have a revolution, a terrible revolution. What course it takes will depend much on what Mr. Rockefeller tells Mr. Hague to do. Mr. Rockefeller is a symbol of the American ruling class and Mr. Hague is a symbol of its political tools.
>
> *Leon Trotsky, in* New York Times, *December 13, 1938. (Hague was a New Jersey politician)*

In 1916, the year preceding the Russian Revolution, internationalist Leon Trotsky was expelled from France, officially because of his participation in the Zimmerwald conference but also no doubt because of inflammatory articles written for *Nashe Slovo*, a Russian-language newspaper printed in Paris. In September 1916 Trotsky was politely escorted across the Spanish border by French police. A few days later Madrid police arrested the internationalist and lodged him in a "first-class cell" at a charge of one-and-one-haft pesetas per day. Subsequently Trotsky was taken to Cadiz, then to Barcelona finally to be placed on board the Spanish Transatlantic Company steamer *Monserrat.* Trotsky and family crossed the Atlantic Ocean and landed in New York on January 13, 1917.

Other Trotskyites also made their way westward across the Atlantic. Indeed, one Trotskyite group acquired sufficient immediate influence in Mexico to write the Constitution of Querétaro for the revolutionary 1917 Carranza government, giving Mexico the dubious distinction of being the first government in the world to adopt a Soviet-type constitution.

How did Trotsky, who knew only German and Russian, survive in capitalist America? According to his autobiography, *My Life*, "My only profession in New York was that of a revolutionary socialist." In other words, Trotsky wrote occasional articles for *Novy Mir*, the New York Russian socialist journal. Yet we know that the Trotsky family apartment in New York had a refrigerator and a telephone, and, according to Trotsky, that the family occasionally traveled in a chauffeured limousine. This mode of living puzzled the two young Trotsky boys. When they went into a tearoom, the boys would anxiously demand of their mother, "Why doesn't the chauffeur come in?"[1] The stylish living standard is also at odds with Trotsky's reported income. The only funds that Trotsky admits receiving in 1916 and 1917 are $310, and, said Trotsky, "I distributed the $310 among five emigrants who were returning to Russia." Yet Trotsky had paid for a first-class cell in Spain, the Trotsky family had traveled across Europe to the United States, they had acquired an excellent apartment in New York — paying rent three months in advance — and they had use of a chauffeured limousine. All this on the earnings of an impoverished revolutionary for a few articles for the low-circulation Russian-language newspaper *Nashe* Slovo in Paris and *Novy Mir* in New York!

Joseph Nedava estimates Trotsky's 1917 income at $12.00 per week, "supplemented by some lecture fees."[2] Trotsky was in New York in 1917 for three months, from January to March, so that makes $144.00 in income from *Novy Mir* and, say, another $100.00 in

lecture fees, for a total of $244.00. Of this $244.00 Trotsky was able to give away $310.00 to his friends, pay for the New York apartment, provide for his family — and find the $10,000 that was taken from him in April 1917 by Canadian authorities in Halifax. Trotsky claims that those who said he had other sources of income are "slanderers" spreading "stupid calumnies" and "lies," but unless Trotsky was playing the horses at the Jamaica racetrack, it can't be done. Obviously Trotsky had an unreported source of income.

What was that source? In *The Road to Safety*, author Arthur Willert says Trotsky earned a living by working as an electrician for Fox Film Studios. Other writers have cited other occupations, but there is no evidence that Trotsky occupied himself for remuneration otherwise than by writing and speaking.

Most investigation has centered on the verifiable fact that when Trotsky left New York in 1917 for Petrograd, to organize the Bolshevik phase of the revolution, he left with $10,000. In 1919 the U.S. Senate Overman Committee investigated Bolshevik propaganda and German money in the United States and incidentally touched on the source of Trotsky's $10,000. Examination of Colonel Hurban, Washington attaché to the Czech legation, by the Overman Committee yielded the following:

> COL. HURBAN: Trotsky, perhaps, took money from Germany, but Trotsky will deny it. Lenin would not deny it. Miliukov proved that he got $10,000 from some Germans while he was in America. Miliukov had the proof, but he denied it. Trotsky did, although Miliukov had the proof.
>
> SENATOR OVERMAN: It was charged that Trotsky got $10,000 here.
>
> COL. HURBAN: I do not remember how much it was, but I know it was a question between him and Miliukov.
>
> SENATOR OVERMAN: Miliukov proved it, did he?
>
> COL. HURBAN: Yes, sir.
>
> SENATOR OVERMAN: Do you know where he got it from?
>
> COL. HURBAN: I remember it was $10,000; but it is no matter. I will speak about their propaganda. The German Government knew Russia better than anybody, and they knew that with the help of those people they could destroy the Russian army.
>
> (At 5:45 o'clock p.m. the subcommittee adjourned until tomorrow, Wednesday, February 19, at 10:30 o'clock a.m.)[3]

It is quite remarkable that the committee adjourned abruptly before the *source* of Trotsky's funds could be placed into the Senate record. When questioning resumed the next day, Trotsky and his $10,000 were no longer of interest to the Overman Committee. We shall later develop evidence concerning the financing of German and revolutionary activities in the United States by New York financial houses; the origins of Trotsky's $10,000 will then come into focus.

An amount of $10,000 of German origin is also mentioned in the official British telegram to Canadian naval authorities in Halifax, who requested that Trotsky and party en route to the revolution be taken off the S.S. *Kristianiafjord* (see page 28). We also learn from a British Directorate of Intelligence report[4] that Gregory Weinstein, who in 1919 was to become a prominent member of the Soviet Bureau in New York, collected funds for Trotsky in New York. These funds originated in Germany and were channeled through the V*olks-zeitung,* a German daily newspaper in New York and subsidized by the German government.

While Trotsky's funds are officially reported as German, Trotsky was actively engaged in American politics immediately prior to leaving New York for Russia and the revolution. On March 5, 1917, American newspapers headlined the increasing possibility of war with Germany; the same evening Trotsky proposed a resolution at the meeting of the New York County Socialist Party "pledging Socialists to encourage strikes and resist recruiting in the event of war with Germany."[5] Leon Trotsky was called by the *New York Times* "an exiled Russian revolutionist." Louis C. Fraina, who cosponsored the Trotsky resolution, later — under an alias — wrote an uncritical book on the Morgan financial empire entitled *House of Morgan.*[6] The Trotsky-Fraina proposal was opposed by the Morris Hillquit faction, and the Socialist Party subsequently voted opposition to the resolution.[7]

More than a week later, on March 16, at the time of the deposition of the tsar, Leon Trotsky was interviewed in the offices of *Novy Mir.*. The interview contained a prophetic statement on the Russian revolution:

> *"*... the committee which has taken the place of the deposed Ministry in Russia did not represent the interests or the aims of the revolutionists, that it would probably be shortlived and step down in favor of men who would be more sure to carry forward the democratization of Russia."[8]

The "men who would be more sure to carry forward the democratization of Russia," that is, the Mensheviks and the Bolsheviks, were then in exile abroad and needed first to return to Russia. The temporary "committee" was therefore dubbed the Provisional Government, a title, it should be noted, that was used from the start of the revolution in March and not applied ex post facto by historians.

WOODROW WILSON AND A PASSPORT FOR TROTSKY

President Woodrow Wilson was the fairy godmother who provided Trotsky with a passport to return to Russia to "carry forward" the revolution. This American passport was accompanied by a Russian entry permit and a British transit visa. Jennings C. Wise, in *Woodrow Wilson: Disciple of Revolution*, makes the pertinent comment, "Historians must never forget that Woodrow Wilson, despite the efforts of the British police, made it possible for Leon Trotsky to enter Russia with an American passport."

President Wilson facilitated Trotsky's passage to Russia at the same time careful State Department bureaucrats, concerned about such revolutionaries entering Russia, were unilaterally attempting to tighten up passport procedures. The Stockholm legation cabled the State Department on June 13, 1917, just *after* Trotsky crossed the Finnish-Russian border, "Legation confidentially informed Russian, English and French passport offices at

Russian frontier, Tornea, considerably worried by passage of suspicious persons bearing American passports."[9]

To this cable the State Department replied, on the same day, "Department is exercising special care in issuance of passports for Russia"; the department also authorized expenditures by the legation to establish a passport-control office in Stockholm and to hire an "absolutely dependable American citizen" for employment on control work.[10] But the bird had flown the coop. Menshevik Trotsky with Lenin's Bolsheviks were already in Russia preparing to "carry forward" the revolution. The passport net erected caught only more legitimate birds. For example, on June 26, 1917, Herman Bernstein, a reputable New York newspaperman on his way to Petrograd to represent the *New York Herald*, was held at the border and refused entry to Russia. Somewhat tardily, in mid-August 1917 the Russian embassy in Washington requested the State Department (and State agreed) to "prevent the entry into Russia of criminals and anarchists... numbers of whom have already gone to Russia."[11]

Consequently, by virtue of preferential treatment for Trotsky, when the S.S. *Kristianiafjord* left New York on March 26, 1917, Trotsky was aboard and holding a U.S. passport — and in company with other Trotskyire revolutionaries, Wall Street financiers, American Communists, and other interesting persons, few of whom had embarked for legitimate business. This mixed bag of passengers has been described by Lincoln Steffens, the American Communist:

> The passenger list was long and mysterious. Trotsky was in the steerage with a group of revolutionaries; there was a Japanese revolutionist in my cabin. There were a lot of Dutch hurrying home from Java, the only innocent people aboard. The rest were war messengers, two from Wall Street to Germany....[12]

Notably, Lincoln Steffens was on board en route to Russia at the specific invitation of Charles Richard Crane, a backer and a former chairman of the Democratic Party's finance committee. Charles Crane, vice president of the Crane Company, had organized the Westinghouse Company in Russia, was a member of the Root mission to Russia, and had made no fewer than twenty-three visits to Russia between 1890 and 1930. Richard Crane, his son, was confidential assistant to then Secretary of State Robert Lansing. According to the former ambassador to Germany William Dodd, Crane "did much to bring on the Kerensky revolution which gave way to Communism."[13] And so Steffens' comments in his diary about conversations aboard the S.S. *Kristianiafjord* are highly pertinent:" . . . all agree that the revolution is in its first phase only, that it must grow. Crane and Russian radicals on the ship think we shall be in Petrograd for the re-revolution.[14]

Crane returned to the United States when the Bolshevik Revolution (that is, "the re-revolution") had been completed and, although a private citizen, was given firsthand reports of the progress of the Bolshevik Revolution as cables were received at the State Department. For example, one memorandum, dated December 11, 1917, is entitled "Copy of report on Maximalist uprising for Mr Crane." It originated with Maddin Summers, U.S. consul general in Moscow, and the covering letter from Summers reads in part:

> I have the honor to enclose herewith a copy of same [above report] with the request that it be sent for the confidential information of Mr. Charles R. Crane.

> It is assumed that the Department will have no objection to Mr. Crane seeing the report ....[15]

In brief, the unlikely and puzzling picture that emerges is that Charles Crane, a friend and backer of Woodrow Wilson and a prominent financier and politician, had a known role in the "first" revolution and traveled to Russia in mid-1917 in company with the American Communist Lincoln Steffens, who was in touch with both Woodrow Wilson and Trotsky. The latter in turn was carrying a passport issued at the orders of Wilson and $10,000 from supposed German sources. On his return to the U.S. after the "re-revolution," Crane was granted access to official documents concerning consolidation of the Bolshevik regime: This is a pattern of interlocking — if puzzling — events that warrants further investigation and suggests, though without at this point providing evidence, some link between the financier Crane and the revolutionary Trotsky.

CANADIAN GOVERNMENT DOCUMENTS ON TROTSKY'S RELEASE[16]

Documents on Trotsky's brief stay in Canadian custody are now de-classified and available from the Canadian government archives. According to these archives, Trotsky was removed by Canadian and British naval personnel from the S.S. *Kristianiafjord* at Halifax, Nova Scotia, on April 3, 1917, listed as a German prisoner of war, and interned at the Amherst, Nova Scotia, internment station for German prisoners. Mrs. Trotsky, the two Trotsky boys, and five other men described as "Russian Socialists" were also taken off and interned. Their names are recorded by the Canadian files as: Nickita Muchin, Leiba Fisheleff, Konstantin Romanchanco, Gregor Teheodnovski, Gerchon Melintchansky and Leon Bronstein Trotsky (all spellings from original Canadian documents).

Canadian Army form LB-l, under serial number 1098 (including thumb prints), was completed for Trotsky, with a description as follows: "37 years old, a political exile, occupation journalist, born in Gromskty, Chuson, Russia, Russian citizen." The form was signed by Leon Trotsky and his full name given as Leon Bromstein *(sic)* Trotsky.

The Trotsky party was removed from the S.S. *Kristianiafjord* under official instructions received by cablegram of March 29, 1917, London, presumably originating in the Admiralty with the naval control officer, Halifax. The cablegram reported that the Trotsky party was on the *"Christianiafjord" (sic)* and should be "taken off and retained pending instructions." The reason given to the naval control officer at Halifax was that "these are Russian Socialists leaving for purposes of starting revolution against present Russian government for which Trotsky is reported to have 10,000 dollars subscribed by Socialists and Germans."

On April 1, 1917, the naval control officer, Captain O. M. Makins, sent a confidential memorandum to the general officer commanding at Halifax, to the effect that he had "examined all Russian passengers" aboard the S.S. *Kristianiafjord* and found six men in the second-class section: "They are all avowed Socialists, and though professing a desire to help the new Russian Govt., might well be in league with German Socialists in America, and quite likely to be a great hindrance to the Govt. in Russia just at present." Captain Makins added that he was going to remove the group, as well as Trotsky's wife and two sons, in order to intern them at Halifax. A copy of this report was forwarded from Halifax to the chief of the General Staff in Ottawa on April 2, 1917.

The next document in the Canadian files is dated April 7, from the chief of the General Staff, Ottawa, to the director of internment operations, and acknowledges a previous letter (not in the files) about the internment of Russian socialists at Amherst, Nova Scotia: ". . . in this connection, have to inform you of the receipt of a long telegram yesterday from the Russian Consul General, MONTREAL, protesting against the arrest of these men as they were in possession of passports issued by the Russian Consul General, NEW YORK, U.S.A."

The reply to this Montreal telegram was to the effect that the men were interned "on suspicion of being German," and would be released only upon definite proof of their nationality and loyalty to the Allies. No telegrams from the Russian consul general in New York are in the Canadian files, and it is known that this office was reluctant to issue Russian passports to Russian political exiles. However, there *is* a telegram in the files from a New York attorney, N. Aleinikoff, to R. M. Coulter, then deputy postmaster general of Canada. The postmaster general's office in Canada had no connection with either internment of prisoners of war or military activities. Accordingly, this telegram was in the nature of a personal, nonofficial intervention. It reads:

> DR. R. M. COULTER, Postmaster Genl. OTTAWA Russian political exiles returning to Russia detained Halifax interned Amherst camp. Kindly investigate and advise cause of the detention and names of all detained. Trust as champion of freedom you will intercede on their behalf. Please wire collect. NICHOLAS ALEINIKOFF

On April 11, Coulter wired Aleinikoff, "Telegram received. Writing you this afternoon. You should receive it tomorrow evening. R. M. Coulter." This telegram was sent by the Canadian Pacific Railway Telegraph but charged to the Canadian Post Office Department. Normally a private business telegram would be charged to the recipient and this was not official business. The follow-up Coulter letter to Aleinikoff is interesting because, after confirming that the Trotsky party was held at Amherst, it states that they were suspected of propaganda against the present Russian government and "are supposed to be agents of Germany." Coulter then adds," . . . they are not what they represent themselves to be"; the Trotsky group is "...not detained by Canada, but by the Imperial authorities." After assuring Aleinikoff that the detainees would be made comfortable, Coulter adds that any information "in their favour" would be transmitted to the military authorities. The general impression of the letter is that while Coulter is sympathetic and fully aware of Trotsky's pro-German links, he is unwilling to get involved. On April 11 Arthur Wolf of 134 East Broadway, New York, sent a telegram to Coulter. Though sent from New York, this telegram, after being acknowledged, was also charged to the Canadian Post Office Department.

Coulter's reactions, however, reflect more than the detached sympathy evident in his letter to Aleinikoff. They must be considered in the light of the fact that these letters in behalf of Trotsky came from two American residents of New York City and involved a Canadian or Imperial military matter of international importance. Further, Coulter, as deputy postmaster general, was a Canadian government official of some standing. Ponder, for a moment, what would happen to someone who similarly intervened in United States affairs! In the Trotsky affair we have two American residents corresponding with a Canadian deputy postmaster general in order to intervene in behalf of an interned Russian revolutionary.

Coulter's subsequent action also suggests something more than casual intervention. After Coulter acknowledged the Aleinikoff and Wolf telegrams, he wrote to Major General

Willoughby Gwatkin of the Department of Militia and Defense in Ottawa — a man of significant influence in the Canadian military — and attached copies of the Aleinikoff and Wolf telegrams:

> These men have been hostile to Russia because of the way the Jews have been treated, and are now strongly in favor of the present Administration, so far as I know. Both are responsible men. Both are reputable men, and I am sending their telegrams to you for what they may be worth, and so that you may represent them to the English authorities if you deem it wise.

Obviously Coulter knows — or intimates that he knows — a great deal about Aleinikoff and Wolf. His letter was in effect a character reference, and aimed at the root of the internment problem — London. Gwatkin was well known in London, and in fact was on loan to Canada from the War Office in London.[17]

Aleinikoff then sent a letter to Coulter to thank him

> most heartily for the interest you have taken in the fate of the Russian Political Exiles .... You know me, esteemed Dr. Coulter, and you also know my devotion to the cause of Russian freedom .... Happily I know Mr. Trotsky, Mr. Melnichahnsky, and Mr. Chudnowsky . . . intimately.

It might be noted as an aside that if Aleinikoff knew Trotsky "intimately," then he would also probably be aware that Trotsky had declared his intention to return to Russia to overthrow the Provisional Government and institute the "re-revolution." On receipt of Aleinikoff's letter, Coulter immediately (April 16) forwarded it to Major General Gwatkin, adding that he became acquainted with Aleinikoff "in connection with Departmental action on United States papers in the Russian language" and that Aleinikoff was working "on the same lines as Mr. Wolf . . . who was an escaped prisoner from Siberia."

Previously, on April 14, Gwatkin sent a memorandum to his naval counterpart on the Canadian Military Interdepartmental Committee repeating that the internees were Russian socialists with *"10,000* dollars subscribed by socialists and Germans." The concluding paragraph stated: *"On* the other hand there are those who declare that an act of high-handed injustice has been done." Then on April 16, Vice Admiral C. E. Kingsmill, director of the Naval Service, took Gwatkin's intervention at face value. In a letter to Captain Makins, the naval control officer at Halifax, he stated, "The Militia authorities request that a decision as to their (that is, the six Russians) disposal may be hastened." A copy of this instruction was relayed to Gwatkin who in turn informed Deputy Postmaster General Coulter. Three days later Gwatkin applied pressure. In a memorandum of April 20 to the naval

Chapter III

LENIN AND GERMAN ASSISTANCE FOR THE BOLSHEVIK REVOLUTION

> **It was not until the Bolsheviks had received from us a steady flow of funds through various channels and under varying labels that they were in a position to be able to build up their main organ *Pravda,* to conduct energetic propaganda and appreciably to extend the originally narrow *base* of their party.**
>
> *Von Kühlmann, minister of foreign affairs, to the kaiser, December 3, 1917*

In April 1917 Lenin and a party of 32 Russian revolutionaries, mostly Bolsheviks, journeyed by train from Switzerland across Germany through Sweden to Petrograd, Russia. They were on their way to join Leon Trotsky to "complete the revolution." Their trans-Germany transit was approved, facilitated, and financed by the German General Staff. Lenin's transit to Russia was part of a plan approved by the German Supreme Command, apparently not immediately known to the kaiser, to aid in the disintegration of the Russian army and so eliminate Russia from World War I. The possibility that the Bolsheviks might be turned against Germany and Europe did not occur to the German General Staff. Major General Hoffman has written, *"We* neither knew nor foresaw the danger to humanity from the consequences of this journey of the Bolsheviks to Russia."[1]

At the highest level the German political officer who approved Lenin's journey to Russia was Chancellor Theobald von Bethmann-Hollweg, a descendant of the Frankfurt banking family Bethmann, which achieved great prosperity in the nineteenth century. Bethmann-Hollweg was appointed chancellor in 1909 and in November 1913 became the subject of the first vote of censure ever passed by the German Reichstag on a chancellor. It was Bethmann-Hollweg who in 1914 told the world that the German guarantee to Belgium was a mere "scrap of paper." Yet on other war matters — such as the use of unrestricted submarine warfare — Bethmann-Hollweg was ambivalent; in January 1917 he told the kaiser, "I can give Your Majesty neither my assent to the unrestricted submarine warfare nor my refusal." By 1917 Bethmann-Hollweg had lost the Reichstag's support and resigned — but not before approving transit of Bolshevik revolutionaries to Russia. The transit instructions from Bethmann-Hollweg went through the state secretary Arthur Zimmermann — who was immediately under Bethmann-Hollweg and who handled day-to-day operational details with the German ministers in both Bern and Copenhagen — to the German minister to Bern in early April 1917. The kaiser himself was not aware of the revolutionary movement until after Lenin had passed into Russia.

While Lenin himself did not know the precise source of the assistance, he certainly knew that the German government was providing some funding. There were, however, intermediate links between the German foreign ministry and Lenin, as the following shows:

LENIN'S TRANSFER TO RUSSIA IN APRIL 1917

Final decision	BETHMANN-HOLLWEG

	(Chancellor)
Intermediary I	ARTHUR ZIMMERMANN (State Secretary)
Intermediary II	BROCKDORFF-RANTZAU (German Minister in Copenhagen)
Intermediary III	ALEXANDER ISRAEL HELPHAND (alias PARVUS)
Intermediary IV	JACOB FURSTENBERG (alias GANETSKY)
	LENIN, in Switzerland

From Berlin Zimmermann and Bethmann-Hollweg communicated with the German minister in Copenhagen, Brockdorff-Rantzau. In turn, Brockdorff-Rantzau was in touch with Alexander Israel Helphand (more commonly known by his alias, Parvus), who was located in Copenhagen.[2] Parvus was the connection to Jacob Furstenberg, a Pole descended from a wealthy family but better known by his alias, Ganetsky. And Jacob Furstenberg was the immediate link to Lenin.

Although Chancellor Bethmann-Hollweg was the final authority for Lenin's transfer, and although Lenin was probably aware of the German origins of the assistance, Lenin cannot be termed a German agent. The German Foreign Ministry assessed Lenin's probable actions in Russia as being consistent with their own objectives in the dissolution of the existing power structure in Russia. Yet both parties also had hidden objectives: Germany wanted priority access to the postwar markets in Russia, and Lenin intended to establish a Marxist dictatorship.

The idea of using Russian revolutionaries in this way can be traced back to 1915. On August 14 of that year, Brockdorff-Rantzau wrote the German state undersecretary about a conversation with Helphand (Parvus), and made a strong recommendation to employ Helphand, *"an* extraordinarily important man whose unusual powers I feel we *must* employ for duration of the war .... "[3] Included in the report was a warning: *"It might perhaps be* risky to want to use the powers ranged behind Helphand, but it would certainly be an admission of our own weakness if we were to refuse their services out of fear of not being able to *direct* them."[4]

Brockdorff-Rantzau's ideas of directing or controlling the revolutionaries parallel, as we shall see, those of the Wall Street financiers. It was J.P. Morgan and the American International Corporation that attempted to control both domestic and foreign revolutionaries in the United States for their own purposes.

A subsequent document[5] outlined the terms demanded by Lenin, of which the most interesting was point number seven, which allowed "Russian troops to move into India"; this suggested that Lenin intended to continue the tsarist expansionist program. Zeman also records the role of Max Warburg in establishing a Russian publishing house and adverts to an agreement dated August 12, 1916, in which the German industrialist Stinnes agreed to contribute two million rubles for financing a publishing house in Russia.[6]

Consequently, on April 16, 1917, a trainload of thirty-two, including Lenin, his wife Nadezhda Krupskaya, Grigori Zinoviev, Sokolnikov, and Karl Radek, left the Central Station in Bern en route to Stockholm. When the party reached the Russian frontier only Fritz Plattan and Radek were denied entrance into Russia. The remainder of the party was allowed to enter. Several months later they were followed by almost 200 Mensheviks, including Martov and Axelrod.

It is worth noting that Trotsky, at that time in New York, also had funds traceable to German sources. Further, Von Kuhlmann alludes to Lenin's inability to broaden the base of his Bolshevik party until the Germans supplied funds. Trotsky was a Menshevik who turned Bolshevik only in 1917. This suggests that German funds were perhaps related to Trotsky's change of party label.

THE SISSON DOCUMENTS

In early 1918 Edgar Sisson, the Petrograd representative of the U.S. Committee on Public Information, bought a batch of Russian documents purporting to prove that Trotsky, Lenin, and the other Bolshevik revolutionaries were not only in the pay of, but also agents of, the German government.

These documents, later dubbed the "Sisson Documents," were shipped to the United States in great haste and secrecy. In Washington, D.C. they were submitted to the National Board for Historical Service for authentication. Two prominent historians, J. Franklin Jameson and Samuel N. Harper, testified to their genuineness. These historians divided the Sisson papers into three groups. Regarding Group I, they concluded:

> We have subjected them with great care to all the applicable tests to which historical students are accustomed and . . . upon the basis of these investigations, we have no hesitation in declaring that we see no reason to doubt the genuineness or authenticity of these fifty-three documents.[7]

The historians were less confident about material in Group II. This group was not rejected as. outright forgeries, but it was suggested that they were copies of original documents. Although the historians made "no confident declaration" on Group III, they were not prepared to reject the documents as outright forgeries.

Chapter IV

WALL STREET AND WORLD REVOLUTION

What you Radicals and we who hold opposing views differ about, is not so much the end as the means, not so much what should be brought about as how it should, and can, be brought about ....

Otto H. Kahn, director, American International Corp., and partner, Kuhn, Loeb & Co., speaking to the League/or Industrial Democracy, New York, December 30, 1924

Before World War I, the financial and business structure of the United States was dominated by two conglomerates: Standard Oil, or the Rockefeller enterprise, and the Morgan complex of industries — finance and transportation companies. Rockefeller and Morgan trust alliances dominated not only Wall Street but, through interlocking directorships, almost the entire economic fabric of the United States.[1] Rockefeller interests monopolized the petroleum and allied industries, and controlled the copper trust, the smelters trust, and the gigantic tobacco trust, in addition to having influence in some Morgan properties such as the U.S. Steel Corporation as well as in hundreds of smaller industrial trusts, public service operations, railroads, and banking institutions. National City Bank was the largest of the banks influenced by Standard Oil-Rockefeller, but financial control extended to the United States Trust Company and Hanover National Bank as well as to major life insurance companies — Equitable Life and Mutual of New York.

The great Morgan enterprises were in steel, shipping, and the electrical industry; they included General Electric, the rubber trust, and railroads. Like Rockefeller, Morgan controlled financial corporations — the National Bank of Commerce and the Chase National Bank, New York Life Insurance, and the Guaranty Trust Company. The names J.P. Morgan and Guaranty Trust Company occur repeatedly throughout this book. In the early part of the twentieth century the Guaranty Trust Company was dominated by the Harriman interests. When the elder Harriman (Edward Henry) died in 1909, Morgan and associates bought into Guaranty Trust as well as into Mutual Life and New York Life. In 1919 Morgan also bought control of Equitable Life, and the Guaranty Trust Company absorbed an additional six lesser trust companies. Therefore, at the end of World War I the Guaranty Trust and Bankers Trust were, respectively, the first and second largest trust companies in the United States, both dominated by Morgan interests.[2]

American financiers associated with these groups were involved in financing revolution even before 1917. Intervention by the Wall Street law firm of Sullivan & Cromwell into the Panama Canal controversy is recorded in 1913 congressional hearings. The episode is summarized by Congressman Rainey:

> It is my contention that the representatives of this Government [United States] made possible the revolution on the isthmus of Panama. That had it not been for the interference of this Government a successful revolution could not possibly have occurred, and I contend that this Government violated the treaty

> of 1846. I will be able to produce evidence to show that the declaration of independence which was promulgated in Panama on the 3rd day of November, 1903, was prepared right here in New York City and carried down there — prepared in the office of Wilson (sic) Nelson Cromwell ....[3]

Congressman Rainey went on to state that only ten or twelve of the top Panamanian revolutionists plus "the officers of the Panama Railroad & Steamship Co., who were under the control of William Nelson Cromwell, of New York and the State Department officials in Washington," knew about the impending revolution.[4] The purpose of the revolution was to deprive Colombia, of which Panama was then a part, of $40 million and to acquire control of the Panama Canal.

The best-documented example of Wall Street intervention in revolution is the operation of a New York syndicate in the Chinese revolution of 1912, which was led by Sun Yat-sen. Although the final gains of the syndicate remain unclear, the intention and role of the New York financing group are fully documented down to amounts of money, information on affiliated Chinese secret societies, and shipping lists of armaments to be purchased. The New York bankers syndicate for the Sun Yat-sen revolution included Charles B. Hill, an attorney with the law firm of Hunt, Hill & Betts. In 1912 the firm was located at 165 Broadway, New York, but in 1917 it moved to 120 Broadway (see chapter eight for the significance of this address). Charles B. Hill was director of several Westinghouse subsidiaries, including Bryant Electric, Perkins Electric Switch, and Westinghouse Lamp — all affiliated with Westinghouse Electric whose New York office was also located at 120 Broadway. Charles R. Crane, organizer of Westinghouse subsidiaries in Russia, had a known role in the first and second phases of the Bolshevik Revolution (see page 26).

The work of the 1910 Hill syndicate in China is recorded in the Laurence Boothe Papers at the Hoover Institution.[5] These papers contain over 110 related items, including letters of Sun Yat-sen to and from his American backers. In return for financial support, Sun Yat-sen promised the Hill syndicate railroad, banking, and commercial concessions in the new revolutionary China.

Another case of revolution supported by New York financial institutions concerned that of Mexico in 1915-16. Von Rintelen, a German espionage agent in the United States,[6] was accused during his May 1917 trial in New York City of attempting to "embroil" the U.S. with Mexico and Japan in order to divert ammunition then flowing to the Allies in Europe.[7] Payment for the ammunition that was shipped from the United States to the Mexican revolutionary Pancho Villa, was made through Guaranty Trust Company. Von Rintelen's adviser, Sommerfeld, paid $380,000 via Guaranty Trust and Mississippi Valley Trust Company to the Western Cartridge Company of Alton, Illinois, for ammunition shipped to El Paso, for forwarding to Villa. This was in mid-1915. On January 10, 1916, Villa murdered seventeen American miners at Santa Isabel and on March 9, 1916, Villa raided Columbus, New Mexico, and killed eighteen more Americans.

Wall Street involvement in these Mexican border raids was the subject of a letter (October 6, 1916) from Lincoln Steffens, an American Communist, to Colonel House, an aide' to Woodrow Wilson:

> My dear Colonel House:

> Just before I left New York last Monday, I was told convincingly that "Wall Street" had completed arrangements for one more raid of Mexican bandits into the United States: to be so timed and so atrocious that it would settle the election ....[8]

Once in power in Mexico, the Carranza government purchased additional arms in the United States. The American Gun Company contracted to ship 5,000 Mausers and a shipment license was issued by the War Trade Board for 15,000 guns and 15,000,000 rounds of ammunition. The American ambassador to Mexico, Fletcher, "flatly refused to recommend or sanction the shipment of any munitions, rifles, etc., to Carranza."[9] However, intervention by Secretary of State Robert Lansing reduced the barrier to one of a temporary delay, and "in a short while . . . [the American Gun Company] would be permitted to make the shipment and deliver."[10]

The raids upon the U.S. by the Villa and the Carranza forces were reported in the *New York Times* as the "Texas Revolution" (a kind of dry run for the Bolshevik Revolution) and were undertaken jointly by Germans and Bolsheviks. The testimony of John A. Walls, district attorney of Brownsville, Texas, before the 1919 Fall Committee yielded documentary evidence of the link between Bolshevik interests in the United States, German activity, and the Carranza forces in Mexico.[11] Consequently, the Carranza government, the first in the world with a Soviet-type constitution (which was written by Trotskyites), was a government with support on Wall Street. The Carranza revolution probably could not have succeeded without American munitions and Carranza would not have remained in power as long as he did without American help.[12]

Similar intervention in the 1917 Bolshevik Revolution in Russia revolves around Swedish banker and intermediary Olof Aschberg. Logically the story begins with prerevolutionary tsarist loans by Wall Street bank syndicates.

AMERICAN BANKERS AND TSARIST LOANS

In August 1914 Europe went to war. Under international law neutral countries (and the United States was neutral until April 1917) could not raise loans for belligerent countries. This was a question of law as well as morality.

When the Morgan house floated war loans for Britain and France in 1915, J.P. Morgan argued that these were not war loans at all but merely a means of facilitating international trade. Such a distinction had indeed been elaborately made by President Wilson in October 1914; he explained that the sale of bonds in the U.S. for foreign governments was in effect a loan of savings to belligerent governments and did not finance a war. On the other hand, acceptance of Treasury notes or other evidence of debt in payment for articles was only a means of facilitating trade and not of financing a war effort.[13]

Documents in the State Department files demonstrate that the National City Bank, controlled by Stillman and Rockefeller interests, and the Guaranty Trust, controlled by Morgan interests, jointly raised substantial loans for the belligerent Russia before U.S. entry into the war, and that these loans were raised *alter* the State Department pointed out to these firms that they were contrary to international law. Further, negotiations for the loans were

undertaken through official U.S. government communications facilities under cover of the top-level "Green Cipher" of the State Department. Below are extracts from State Department cables that will make the case.

On May 94, 1916, Ambassador Francis in Petrograd sent the following cable to the State Department in Washington for forwardin to Frank Arthur Vanderlip, then chairman of the National City Bank in New York. The cable was sent in Green Cipher and was enciphered and deciphered by U.S. State Department officers in Petrograd and Washington at the taxpayers' expense (file 861.51/110).

> 563, May 94, 1 p.m.
>
> For Vanderlip National City Bank New York. Five. Our previous opinions credit strengthened. We endorse plan cabled as safe investment plus very attractive speculation in roubles. In view of guarantee of exchange rate have placed rate somewhat above present market. Owing unfavorable opinion created by long delay have on own responsibility offered take twenty-five million dollars. We think large portion of all should be retained by bank and allied institutions. With clause respect customs bonds become practical lien on more than one hundred and fifty million dollars per annum customs making absolute security and secures market even if *defect.* We consider three [years?] option on bonds very valuable and for that reason amount of rouble credit should be enlarged by group or by distribution to close friends. American International should take block and we would inform Government. Think group should be formed at once to take and issue of bonds . . . should secure full cooperation guaranty. Suggest you see Jack personally, use every endeavor to get them really work otherwise cooperate guarantee form new group. Opportunities here during the next ten years very great along state and industrial financiering and if this transaction consummated doubtless should be established. In answering bear in mind situation regarding cable.
> MacRoberts Rich.

FRANCIS, AMERICAN AMBASSADOR[14]

There are several points to note about the above cable to understand the story that follows. First, note the reference to American International Corporation, a Morgan firm, and a name that turns up again and again in this story. Second, "guarantee" refers to Guaranty Trust Company. Third, *"MacRoberts"* was Samuel MacRoberts, a vice president and the executive manager of National City Bank.

On May 24, 1916, Ambassador Francis cabled a message from Rolph Marsh of Guaranty Trust in Petrograd to Guaranty Trust in New York, again in the special Green Cipher and again using the facilities of the State Department. This cable reads as follows:

> 565, May 24, 6 p.m.
> for Guaranty Trust Company New York:
> Three.
>
> Olof and self consider the new proposition takes care Olof and will help rather

> than harm your prestige. Situation such co-operation necessary if big things are to be accomplished here. Strongly urge your arranging with City to consider and act jointly in all big propositions here. Decided advantages for both and prevents playing one against other. City representatives here desire (hand written) such co-operation. Proposition being considered eliminates our credit in name also option but we both consider the rouble credit with the bond option in propositions. Second paragraph offers wonderful profitable opportunity, strongly urge your acceptance. Please cable me full authority to act in connection with City. Consider our entertaining proposition satisfactory situation for us and permits doing big things. Again strongly urge your taking twenty-five million of rouble credit. No possibility loss and decided speculative advantages. Again urge having Vice President upon the ground. Effect here will be decidedly good. Resident Attorney does not carry same prestige and weight. This goes through Embassy by code answer same way. See cable on possibilities.
>
> ROLPH MARSH.
> FRANCIS,
> AMERICAN AMBASSADOR
>
> Note:—
>
> Entire Message in Green Cipher.
> TELEGRAPH ROOM[15]

"Olof" in the cable was Olof Aschberg, Swedish banker and head of the Nya Banken in Stockholm. Aschberg had been in New York in 1915 conferring with the Morgan firm on these Russian loans. Now, in 1916, he was in Petrograd with Rolph Marsh of Guaranty Trust and Samuel MacRoberts and Rich of National City Bank ("City" in cable) arranging loans for a Morgan-Rockefeller consortium. The following year, Aschberg, as we shall see later, would be known as the "Bolshevik Banker," and his own memoirs reproduce evidence of his right to the title.

The State Department files also contain a series of cables between Ambassador Francis, Acting Secretary Frank Polk, and Secretary of State Robert Lansing concerning the legality and propriety of transmitting National City Bank and Guaranty Trust cables at public expense. On May 25, 1916, Ambassador Francis cabled Washington as follows and referred to the two previous cables:

> 569, May 25, one p.m.
>
> My telegram 563 and 565 May twenty-fourth are sent for local representatives of institutions addressed in the hope of consummating loan which would largely increase international trade and greatly benefit [diplomatic relations?]. Prospect for success promising. Petrograd representatives consider terms submitted very satisfactory but fear such representations to their institutions would prevent consummation loan if Government here acquainted these proposals.

FRANCIS, AMERICAN AMBASSADOR.[16]

The basic reason cited by Francis for facilitating the cables is "the hope of consummating loan which would largely increase international trade." Transmission of commercial messages using State Department facilities had been prohibited, and on June 1, 1916, Polk cabled Francis:

> 842
>
> In view of Department's regulation contained in its circular telegraphic instruction of March fifteenth, (discontinuance of forwarding Commercial messages)[17] 1915, please explain why messages in your 563, 565 and 575, should be communicated.
>
> Hereafter please follow closely Department's instructions.
>
> Acting.
> Polk

861.51/112
/110

Then on June 8, 1916, Secretary of State Lansing expanded the prohibition and clearly stated that the proposed loans were illegal:

> 860 Your 563, 565, May 24, g: 569 May 25.1 pm Before delivering messages to Vanderlip and Guaranty Trust Company, I must inquire whether they refer to Russian Government loans of any description. If they do, I regret that the Department can not be a party to their transmission, as such action would submit it to justifiable criticism because of participation by this Government in loan transaction by a belligerent for the purpose of carrying on its hostile operations. Such participation is contrary to the accepted rule of international law that neutral Governments should not lend their assistance to the raising of war loans by belligerents.

The last line of the Lansing cable as written, was not transmitted to Petrograd. The line read: "Cannot arrangements be made to send these messages through Russian channels?"

How can we assess these cables and the parties involved?

Clearly the Morgan-Rockefeller interests were not interested in abiding by international law. There is obvious intent in these cables to supply loans to belligerents. There was no hesitation on the part of these firms to use State Department facilities for the negotiations. Further, in spite of protests, the State Department allowed the messages to go through. Finally, and most interesting for subsequent events, Olof Aschberg, the Swedish banker, was a prominent participant and intermediary in the negotiations on behalf of Guaranty Trust. Let us therefore take a closer look at Olof Aschberg.

OLOF ASCHBERG IN NEW YORK, 1916

Olof Aschberg, the "Bolshevik Banker" (or "Bankier der Weltrevolution," as he has been called in the German press), was owner of the Nya Banken, founded 1912 in Stockholm. His codirectors included prominent members of Swedish cooperatives and Swedish socialists, including G. W. Dahl, K. G. Rosling, and C. Gerhard Magnusson.[18] In 1918 Nya Banken was placed on the Allied black-list for its financial operations in behalf of Germany. In response to the blacklisting, Nya Banken changed its name to Svensk Ekonomiebolaget. The bank remained under the control of Aschberg, and was mainly owned by him. The bank's London agent was the British Bank of North Commerce, whose chairman was Earl Grey, former associate of Cecil Rhodes. Others in Aschberg's interesting circle of business associates included Krassin, who was until the Bolshevik Revolution (when he changed color to emerge as a leading Bolshevik) Russian manager of Siemens-Schukert in Petrograd; Carl Furstenberg, minister of finance in the first Bolshevik government; and Max May, vice president in charge of foreign operations for Guaranty Trust of New York. Olof Aschberg thought so highly of Max May that a photograph of May is included in Aschberg's book.[19]

In the summer of 1916 Olof Aschberg was in New York representing both Nya Banken and Pierre Bark, the tsarist minister of finance. Aschberg's prime business in New York, according to the *New York Times* (August 4, 1916), was to negotiate a $50 million loan for Russia with an American banking syndicate headed by Stillman's National City Bank. This business was concluded on June 5, 1916; the results were a Russian credit of $50 million in New York at a bank charge of 7 1/2 percent per annum, and a corresponding 150-million-ruble credit for the NCB syndicate in Russia. The New York syndicate then turned around and issued 6 1/2 percent certificates in its own name in the U.S. market to the amount of $50 million. Thus, the NCB syndicate made a profit on the $50 million loan to Russia, floated it on the American market for another profit, and obtained a 150-million-ruble credit in Russia.

During his New York visit on behalf of the tsarist Russian government, Aschberg made some prophetic comments concerning the future for America in Russia:

> The opening for American capital and American initiative, with the awakening brought by the war, will be country-wide when the struggle is over. There are now many Americans in Petrograd, representatives of business firms, keeping in touch with the situation, and as soon as the change comes a huge American trade with Russia should spring up.[20]

OLOF ASCHBERG IN THE BOLSHEVIK REVOLUTION

While this tsarist loan operation was being floated in New York, Nya Banken and Olof Aschberg were funneling funds from the German government to Russian revolutionaries, who would eventually bring down the "Kerensky committee" and establish the Bolshevik regime.

The evidence for Olof Aschberg's intimate connection with financing the Bolshevik Revolution comes from several sources, some of greater value than others. The Nya Banken

and Olof Aschberg are prominently cited in the Sisson papers (see chapter three); however, George Kennan has systematically analyzed these papers and shown them to be forged, although they are probably based in part on authentic material. Other evidence originates with Colonel B. V. Nikitine, in charge of counterintelligence in the Kerensky government, and consists of twenty-nine telegrams transmitted from Stockholm to Petrograd, and vice versa, regarding financing of the Bolsheviks. Three of these telegrams refer to banks — telegrams 10 and 11 refer to Nya Banken, and telegram 14 refers to the Russo-Asiatic Bank in Petrograd. Telegram 10 reads as follows:

> Gisa Furstenberg Saltsjobaden. Funds very low cannot assist if really urgent give 500 as last payment pencils huge loss original hopeless instruct Nya Banken cable further 100 thousand Sumenson.

Telegram 11 reads:

> Kozlovsky Sergievskaya 81. First letters received Nya Banken telegraphed cable who Soloman offering local telegraphic agency refers to Bronck Savelievich Avilov.

Fürstenberg was the intermediary between Parvus (Alexander I. Helphand) and the German government. About these transfers, Michael Futrell concludes:

> It was discovered that during the last few months she [Evegeniya Sumenson] had received nearly a m

Chapter V

THE AMERICAN RED CROSS MISSION IN RUSSIA — 1917

> **Poor Mr. Billings believed he was in charge of a scientific mission for the relief of Russia .... He was in reality nothing but a mask — the Red Cross complexion of the mission was nothing but a mask.**
>
> *Cornelius Kelleher, assistant to William Boyce Thompson (in George F. Kennan,* Russia Leaves the War)

The Wall Street project in Russia in 1917 used the Red Cross Mission as its operational vehicle. Both Guaranty Trust and National City Bank had representatives in Russia at the time of the revolution. Frederick M. Corse of the National City Bank branch in Petrograd was attached to the American Red Cross Mission, of which a great deal will be said later. Guaranty Trust was represented by Henry Crosby Emery. Emery was temporarily held by the Germans in 1918 and then moved on to represent Guaranty Trust 'in China.

Up to about 1915 the most influential person in the American Red Cross National Headquarters in Washington, D.C. was Miss Mabel Boardman. An active and energetic promoter, Miss Boardman had been the moving force behind the Red Cross enterprise, although its endowment came from wealthy and prominent persons including J. P. Morgan, Mrs. E. H. Harriman, Cleveland H. Dodge, and Mrs. Russell Sage. The 1910 fund-raising campaign for $2 million, for example, was successful only because it was supported by these wealthy residents of New York City. In fact, most of the money came from New York City. J.P. Morgan himself contributed $100,000 and seven other contributors in New York City amassed $300,000. Only one person outside New York City contributed over $10,000 and that was William J. Boardman, Miss Boardman's father. Henry P. Davison was chairman of the 1910 New York Fund-Raising Committee and later became chairman of the War Council of the American Red Cross. In other words, in World War I the Red Cross depended heavily on Wall Street, and specifically on the Morgan firm.

The Red Cross was unable to cope with the demands of World War I and in effect was taken over by these New York bankers. According to John Foster Dulles, these businessmen "viewed the American Red Cross as a virtual arm of government, they envisaged making an incalculable contribution to the winning of the war."[1] In so doing they made a mockery of the Red Cross motto: "Neutrality and Humanity."

In exchange for raising funds, Wall Street asked for the Red Cross War Council; and on the recommendation of Cleveland H. Dodge, one of Woodrow Wilson's financial backers, Henry P. Davison, a partner in J.P. Morgan Company, became chairman. The list of administrators of the Red Cross then began to take on the appearance of the New York Directory of Directors: John D. Ryan, president of Anaconda Copper Company (see frontispiece); George W. Hill, president of the American Tobacco Company; Grayson M.P. Murphy, vice president of the Guaranty Trust Company; and Ivy Lee, public relations expert for the Rockefellers. Harry Hopkins, later to achieve fame under President Roosevelt, became assistant to the general manager of the Red Cross in Washington, D.C.

The question of a Red Cross Mission to Russia came before the third meeting of this reconstructed War Council, which was held in the Red Cross Building, Washington, D.C., on Friday, May 29, 1917, at 11:00 A.M. Chairman Davison was deputed to explore the idea with Alexander Legge of the International Harvester Company. Subsequently International Harvester, which had considerable interests in Russia, provided $200,000 to assist financing the Russian mission. At a later meeting it was made known that William Boyce Thompson, director of the Federal Reserve Bank of New York, had "offered to pay the entire expense of the commission"; this offer was accepted in a telegram: "Your desire to pay expenses of commission to Russia is very much appreciated and from our point of view very important."[2]

The members of the mission received no pay. All expenses were paid by William Boyce Thompson and the $200,000 from International Harvester was apparently used in Russia for political subsidies. We know from the files of the U.S. embassy in Petrograd that the U.S. Red Cross gave 4,000 rubles to Prince Lvoff, president of the Council of Ministers, for "relief of revolutionists" and 10,000 rubles in two payments to Kerensky for "relief of political refugees."

AMERICAN RED CROSS MISSION TO RUSSIA, 1917

In August 1917 the American Red Cross Mission to Russia had only a nominal relationship with the American Red Cross, and must truly have been the most unusual Red Cross Mission in history. All expenses, including those of the uniforms — the members were all colonels, majors, captains, or lieutenants — were paid out of the pocket of William Boyce Thompson. One contemporary observer dubbed the all-officer group an "Haytian Army":

> The American Red Cross delegation, about forty Colonels, Majors, Captains and Lieutenants, arrived yesterday. It is headed by Colonel (Doctor) Billings of Chicago, and includes Colonel William B. Thompson and many doctors and civilians, all with military titles; we dubbed the outfit the "Haytian Army" because there were no privates. They have come to fill no clearly defined mission, as far as I can find out, in fact Gov. Francis told me some time ago that he had urged they not be allowed to come, as there were already too many missions from the various allies in Russia. Apparently, this Commission imagined there was urgent call for doctors and nurses in Russia; as a matter of fact there is at present a surplus of medical talent and nurses, native and foreign in the country and many haft-empty hospitals in the large cities.[3]

The mission actually comprised only twenty-four (not forty), having military rank from lieutenant colonel down to lieutenant, and was supplemented by three orderlies, two motion-picture photographers, and two interpreters, without rank. Only five (out of twenty-four) were doctors; in addition, there were two medical researchers. The mission arrived by train in Petrograd via Siberia in August 1917. The five doctors and orderlies stayed one month, returning to the United States on September 11. Dr. Frank Billings, nominal head of the mission and professor of medicine at the University of Chicago, was reported to be disgusted with the overtly political activities of the majority of the mission. The other medical men were William S. Thayer, professor of medicine at Johns Hopkins University; D. J. McCarthy, Fellow of Phipps Institute for Study and Prevention of Tuberculosis, at Philadelphia; Henry C. Sherman, professor of food chemistry at Columbia University; C. E.

A. Winslow, professor of bacteriology and hygiene at Yale Medical School; Wilbur E. Post, professor of medicine at Rush Medical College; Dr. Malcolm Grow, of the Medical Officers Reserve Corps of the U.S. Army; and Orrin Wightman, professor of clinical medicine, New York Polyclinic Hospital. George C. Whipple was listed as professor of sanitary engineering at Harvard University but in fact was partner of the New York firm of Hazen, Whipple & Fuller, engineering consultants. This is significant because Malcolm Pirnie — of whom more later — was listed as an assistant sanitary engineer and employed as an engineer by Hazen, Whipple & Fuller.

The majority of the mission, as seen from the table, was made up of lawyers, financiers, and their assistants, from the New York financial district. The mission was financed by William B. Thompson, described in the official Red Cross circular as "Commissioner and Business Manager; Director United States Federal Bank of New York." Thompson brought along Cornelius Kelleher, described as an attache to the mission but actually secretary to Thompson and with the same address — 14 Wall Street, New York City. Publicity for the mission was handled by Henry S. Brown, of the same address. Thomas Day Thacher was an attorney with Simpson, Thacher & Bartlett, a firm founded by his father, Thomas Thacher, in 1884 and prominently involved in railroad reorganization and mergers. Thomas as junior first worked for the family firm, became assistant U.S. attorney under Henry L. Stimson, and returned to the family firm in 1909. The young Thacher was a close friend of Felix Frankfurter and later became assistant to Raymond Robins, also on the Red Cross Mission. In 1925 he was appointed district judge under President Coolidge, became solicitor general under Herbert Hoover, and was a director of the William Boyce Thompson Institute.

THE 1917 AMERICAN RED CROSS MISSION TO RUSSIA

Members from Wall Street financial community and their affiliations	*Medical doctors*	*Orderlies, interpreters, etc.*
Andrews (Liggett & Myers Tobacco)	Billings (doctor)	Brooks (orderly)
Barr (Chase National Bank)	Grow (doctor)	Clark (orderly)
Brown (c/o William B. Thompson)	McCarthy (medical research; doctor)	Rocchia (orderly)
Cochran (McCann Co.)	Post (doctor)	
Kelleher (c/o William B. Thompson)	Sherman (food chemistry)	Travis (movies)
Nicholson (Swirl & Co.)	Thayer (doctor)	Wyckoff (movies)
Pirnie (Hazen, Whipple & Fuller)		
Redfield (Stetson, Jennings & Russell)	Wightman (medicine)	Hardy (justice)

Robins (mining promoter)	Winslow (hygiene)	Horn (transportation)
Swift (Swift & Co.)		
Thacher (Simpson, Thacher & Bartlett)		
Thompson (Federal Reserve Bank of N.Y.)		
Wardwell (Stetson, Jennings & Russell)		
Whipple (Hazen, Whipple & Fuller)		
Corse (National City Bank)		
Magnuson (recommended by confidential agent of Colonel Thompson)		

Alan Wardwell, also a deputy commissioner and secretary to the chairman, was a lawyer with the law firm of Stetson, Jennings & Russell of 15 Broad Street, New York City, and H. B. Redfield was law secretary to Wardwell. Major Wardwell was the son of William Thomas Wardwell, long-time treasurer of Standard Oil of New Jersey and Standard Oil of New York. The elder Wardwell was one of the signers of the famous Standard Oil trust agreement, a member of the committee to organize Red Cross activities in the Spanish American War, and a director of the Greenwich Savings Bank. His son Alan was a director not only of Greenwich Savings, but also of Bank of New York and Trust Co. and the Georgian Manganese Company (along with W. Averell Harriman, a director of Guaranty Trust). In 1917 Alan Wardwell was affiliated with Stetson, Jennings 8c Russell and later joined Davis, Polk, Wardwell, Gardner & Read (Frank L. Polk was acting secretary of state during the Bolshevik Revolution period). The Senate Overman Committee noted that Wardwell was favorable to the Soviet regime although Poole, the State Department official on the spot, noted that "Major Wardwell has of all Americans the widest personal knowledge of the terror" (316-23-1449). In the 1920s Wardwell became active with the Russian-American Chamber of Commerce in promoting Soviet trade objectives.

The treasurer of the mission was James W. Andrews, auditor of Liggett & Myers Tobacco Company of St. Louis. Robert I. Barr, another member, was listed as a deputy commissioner; he was a vice president of Chase Securities Company (120 Broadway) and of the Chase National Bank. Listed as being in charge of advertising was William Cochran of 61 Broadway, New York City. Raymond Robins, a mining promoter, was included as a deputy commissioner and described as "a social economist." Finally, the mission included two members of Swift & Company of Union Stockyards, Chicago. The Swifts have been previously mentioned as being connected with German espionage in the United States during World War I. Harold H. Swift, deputy commissioner, was assistant to the vice president of Swift & Company; William G. Nicholson was also with Swift & Company, Union Stockyards.

Two persons were unofficially added to the mission after it arrived in Petrograd: Frederick M. Corse, representative of the National City Bank in Petrograd; and Herbert A. Magnuson, who was "very highly recommended by John W. Finch, the confidential agent in China of Colonel William B. Thompson."[4]

The Pirnie papers, deposited at the Hoover Institution, contain primary material on the mission. Malcolm Pirnie was an engineer employed by the firm of Hazen, Whipple & Fuller, consulting engineers, of 42 Street, New York City. Pirnie was a member of the mission, listed on a manifest as an assistant sanitary engineer. George C. Whipple, a partner in the firm, was also included in the group. The Pirnie papers include an original telegram from William B. Thompson, inviting assistant sanitary engineer Pirnie to meet with him and Henry P. Davison, chairman of the Red Cross War Council and partner in the J.P. Morgan firm, before leaving for Russia. The telegram reads as follows:

> WESTERN UNION TELEGRAM New York, June 21, 1917
>
> To Malcolm Pirnie
>
> I should very much like to have you dine with me at the Metropolitan Club, Sixteenth Street and Fifth Avenue New York City at eight o'clock tomorrow Friday evening to meet Mr. H. P. Davison.
>
> W. B. Thomp

Chapter VI

CONSOLIDATION AND EXPORT OF THE REVOLUTION

> **Marx's great book *Das Kapital* is at once a monument of reasoning and a storehouse of facts.**
>
> *Lord Milner, member of the British War Cabinet, 1917, and director of the London Joint Stock Bank*

William Boyce Thompson is an unknown name in twentieth-century history, yet Thompson played a crucial role in the Bolshevik Revolution.[1] Indeed, if Thompson had not been in Russia in 1917, subsequent history might have followed a quite different course. Without the financial and, more important, the diplomatic and propaganda assistance given to Trotsky and Lenin by Thompson, Robins, and their New York associates, the Bolsheviks may well have withered away and Russia evolved into a socialist but constitutional society.

Who was William Boyce Thompson? Thompson was a promoter of mining stocks, one of the best in a high-risk business. Before World War I he handled stock-market operations for the Guggenheim copper interests. When the Guggenheims needed quick capital for a stock-market struggle with John D. Rockefeller, it was Thompson who promoted Yukon Consolidated Goldfields before an unsuspecting public to raise a $3.5 million war chest. Thompson was manager of the Kennecott syndicate, another Guggenheim operation, valued at $200 million. It was Guggenheim Exploration, on the other hand, that took up Thompson's options on the rich Nevada Consolidated Copper Company. About three quarters of the original Guggenheim Exploration Company was controlled by the Guggenheim family, the Whitney family (who owned *Metropolitan* magazine, which employed the Bolshevik John Reed), and John Ryan. In 1916 the Guggenheim interests reorganized into Guggenheim Brothers and brought in William C. Potter, who was formerly with Guggenheim's American Smelting and Refining Company but who was in 1916 first' vice president of Guaranty Trust.

Extraordinary skill in raising capital for risky mining promotions earned Thompson a personal fortune and directorships in Inspiration Consolidated Copper Company, Nevada Consolidated Copper Company, and Utah Copper Company — all major domestic copper producers. Copper is, of course, a major material in the manufacture of munitions. Thompson was also director of the Chicago Rock Island & Pacific Railroad, the Magma Arizona Railroad and the Metropolitan Life Insurance Company. And of particular interest for this book, Thompson was "one of the heaviest stockholders in the Chase National Bank." It was Albert H. Wiggin, president of the Chase Bank, who pushed Thompson for a post in the Federal Reserve System; and in 1914 Thompson became the first full-term director of the Federal Reserve Bank of New York — the most important bank in the Federal Reserve System.

By 1917, then, William Boyce Thompson was a financial operator of substantial means, demonstrated ability, with a flair for promotion and implementation of capitalist projects, and with ready access to the centers of political and financial power. This was the same man

who first supported Aleksandr Kerensky, and who then became an ardent supporter of the Bolsheviks, bequeathing a surviving symbol of this support — a laudatory pamphlet in Russian, "Pravda o Rossii i Bol'shevikakh."[2]

Before leaving Russia in early December 1917 Thompson handed over the American Red Cross Mission to his deputy Raymond Robins. Robins then organized Russian revolutionaries to implement the Thompson plan for spreading Bolshevik propaganda in Europe (see Appendix 3). A French government document confirms this: "It appeared that Colonel Robins . . . was able to send a subversive mission of Russian bolsheviks to Germany to start a revolution there."[3] This mission led to the abortive German Spartacist revolt of 1918. The overall plan also included schemes for dropping Bolshevik literature by airplane or for smuggling it across German lines.

Thompson made preparations in late 1917 to leave Petrograd and sell the Bolshevik Revolution to governments in Europe and to the U.S. With this in mind, Thompson cabled Thomas W. Lamont, a partner in the Morgan firm who was then in Paris with Colonel E. M. House. Lamont recorded the receipt of this cablegram in his biography:

> Just as the House Mission was completing its discussions in Paris in December 1917, I received an arresting cable from my old school and business friend, William Boyce Thompson, who was then in Petrograd in charge of the American Red Cross Mission there.[4]

Lamont journeyed to London and met with Thompson, who had left Petrograd on December 5, traveled via Bergen, Norway, and arrived in London on December 10. The most important achievement of Thompson and Lamont in London was to convince the British War Cabinet — then decidedly anti-Bolshevik — that the Bolshevik regime had come to stay, and that British policy should cease to be anti-Bolshevik, should accept the new realities, and should support Lenin and Trotsky. Thompson and Lamont left London on December 18 and arrived in New York on December 25, 1917. They attempted the same process of conversion in the United States.

A CONSULTATION WITH LLOYD GEORGE

The secret British War Cabinet papers are now available and record the argument used by Thompson to sell the British government on a pro-Bolshevik policy. The prime minister of Great Britain was David Lloyd George. Lloyd George's private and political machinations rivaled those of a Tammany Hall politician — yet in his lifetime and for decades after, biographers were unable, or unwilling, to come to grips with them. In 1970 Donald McCormick's *The Mask of Merlin* lifted the veil of secrecy. McCormick shows that by 1917 David Lloyd George had bogged *"too* deeply in the mesh of international armaments intrigues to be a free agent" and was beholden to Sir Basil Zaharoff, an international armaments dealer, whose considerable fortune was made by selling arms to both sides in several wars.[5] Zaharoff wielded enormous behind-the-scenes power and, according to McCormick, was consulted on war policies by the Allied leaders. On more than one occasion, reports McCormick, Woodrow Wilson, Lloyd George, and Georges Clemenceau met in Zaharoff's Paris home. McCormick notes that "Allied statesmen and leaders were obliged to consult him before planning any great attack." British intelligence, according to McCormick, "discovered documents which incriminated servants of the Crown as secret

agents of Sir Basil Zaharoff *with the knowledge of Lloyd George.*"[6] In 1917 Zaharoff was linked to the Bolsheviks; he sought to divert munitions away from anti-Bolsheviks and had already intervened in behalf of the Bolshevik regime in both London and Paris.

In late 1917, then — at the time Lamont and Thompson arrived in London — Prime Minister Lloyd George was indebted to powerful international armaments interests that were allied to the Bolsheviks and providing assistance to extend Bolshevik power in Russia. The British prime minister who met with William Thompson in 1917 was not then a free agent; Lord Milner was the power behind the scenes and, as the epigraph to this chapter suggests, favorably inclined towards socialism and Karl Marx.

The "secret" War Cabinet papers give the "Prime Minister's account of a conversation with Mr. Thompson, an American returned from Russia,"[7] and the report made by the prime minister to the War Cabinet after meeting with Thompson.[8] The cabinet paper reads as follows:

> The Prime Minister reported a conversation he had had with a Mr. Thompson — an American traveller and a man of considerable means — who had just returned from Russia, and who had given a somewhat different impression of affairs in that country from what was generally believed. The gist of his remarks was to the effect that the Revolution had come to stay; that the Allies had not shown themselves sufficiently sympathetic with the Revolution; and that MM. Trotzki and Lenin were not in German pay, the latter being a fairly distinguished Professor. Mr. Thompson had added that he considered the Allies should conduct in Russia an active propaganda, carried out by some form of Allied Council composed o[men especially selected [or the purpose; further, that on the whole, he considered, having regard to the character of the de facto Russian Government, the several Allied Governments were not suitably represented in Petrograd. In Mr. Thompson's opinion, it was necessary for the Allies to realise that the Russian army and people *were* out of the war, and that the Allies would have to choose between Russia as the friendly or a hostile neutral.
>
> The question was discussed as to whether the Allies ought not to change their policy in regard to the de facto Russian Government, the Bolsheviks being stated by Mr. Thompson to be and-German. In this connection Lord Robert Cecil drew attention to the conditions of the armistice between the German and Russian armies, which provided, inter alia, for trading between the two countries, and for the establishment of a Purchasing Commission in Odessa, the whole arrangement being obviously dictated by the Germans. Lord Robert Cecil expressed the view that the Germans would endeavour to continue the armistice until the Russian army had melted away.
>
> Sir Edward Carson read a communication, signed by M. Trotzki, which had been sent to him by a British subject, the manager of the Russian branch of the Vauxhall Motor Company, who had just returned from Russia [Paper G.T. — 3040]. This report indicated that M. Trotzki's policy was, ostensibly at any rate, one of hostility to the organisation of civilised society rather than pro-German. On the other hand, it was suggested that an assumed attitude of this kind was by no means inconsistent with Trotzki's being a German agent, whose object was

to ruin Russia in order that Germany might do what she desired in that country.

After hearing Lloyd George's report and supporting arguments, the War Cabinet decided to go along with Thompson and the Bolsheviks. Milner had a former British consul in Russia — Bruce Lockhart — ready and waiting in the wings. Lockhart was briefed and sent to Russia with instructions to work informally with the Soviets.

The thoroughness of Thompson's work in London and the pressure he was able to bring to bear on the situation are suggested by subsequent reports coming into the hands of the War Cabinet, from authentic sources. The reports provide a quite different view of Trotsky and the Bolsheviks from that presented by Thompson, and yet they were ignored by the cabinet. In April 1918 General Jan Smuts reported to the War Cabinet his talk with General Nieffel, the head of the French Military Mission who had just returned from Russia:

> Trotski (sic) . . . was a consummate scoundrel who may not be pro-German, but is thoroughly pro-Trotski and pro-revolutionary and cannot in any way be trusted. His influence is shown by the way he has come to dominate Lockhart, Robins and the French representative. He [Nieffel] counsels great prudence in dealing with Trotski, who he admits is the only really able man in Russia.[9]

Several months later Thomas D. Thacher, Wall Street lawyer and another member of the American Red CrAss Mission to Russia, was in London. On April 13, 1918, Thacher wrote to the American ambassador in London to the effect that he had received a request from H. P. Davison, a Morgan partner, *"to* confer with Lord Northcliffe" concerning the situation in Russia and then to go on to Paris "for other conferences." Lord Northcliffe was ill and Thacher left with yet another Morgan partner, Dwight W. Morrow, a memorandum to be submitted to Northcliffe on his return to London.[10] This memorandum not only made explicit suggestions about Russian policy that supported Thompson's position but even stated that "the fullest assistance should be given to the Soviet government in its efforts to organize a volunteer revolutionary army." The four main proposals in this Thacher report are:

> First of all . . . the Allies should discourage Japanese intervention in Siberia.
>
> In the second place, the fullest assistance should be given to the Soviet Government in its efforts to organize a volunteer revolutionary army.
>
> Thirdly, the Allied Governments should give their moral support to the Russian people in their efforts to work out their own political systems free from the domination of any foreign power ....
>
> Fourthly, until the time when open conflict shall result between the German Government and the Soviet Government of Russia there will be opportunity for peaceful commercial penetration by German agencies in Russia. So long as there is no open break, it will probably be impossible to entirely prevent such commerce. Steps should, therefore, be taken to impede, so far as possible, the transport of grain and raw materials to Germany from Russia.[11]

THOMPSON'S INTENTIONS AND OBJECTIVES

Why would a prominent Wall Street financier, and director of the Federal Reserve Bank, want to organize and assist Bolshevik revolutionaries? Why would not one but several Morgan partners working in concert want to encourage the formation of a Soviet "volunteer revolutionary army" — an army supposedly dedicated to the overthrow of Wall Street, including Thompson, Thomas Lamont, Dwight Morrow, the Morgan firm, and all their associates?

Thompson at least was straightforward about his objectives in Russia: he wanted to keep Russia at war with Germany (yet he argued before the British War Cabinet that Russia was out of the war anyway) and to retain Russia as a market for postwar American enterprise. The December 1917 Thompson memorandum to Lloyd George describes these aims.[12] The memorandum begins, "The Russian situation is lost and Russia lies entirely open to unopposed German exploitation .... "and concludes, "I believe that intelligent and courageous work will still prevent Germany from occupying the field to itself and thus exploiting Russia at the expense of the Allies." Consequently, it was German commercial and industrial exploitation of Russia that Thompson feared (this is also reflected in the Thacher memorandum) and that brought Thompson and his New York friends into an alliance with the Bolsheviks. Moreover, this interpretation is reflected in a quasi-jocular statement made by Raymond Robins, Thompson's deputy, to Bruce Lockhart, the British agent:

> You will hear it said that I am the representative of Wall Street; that I am the servant of William B. Thompson to get Altai copper for him; that I have already got 500,000 acres of the best timber land in Russia for myself; that I have already copped off the Trans-Siberian Railway; that they have given me a monopoly of the platinum of Russia; that this explains my working for the soviet .... You will hear that talk. Now, I do not think it is true, Commissioner, but let us assume it is true. Let us assume that I am here to capture Russia for Wall Street and American business men. Let us assume that you are a British wolf and I am an American wolf, and that when this war is over we are going to eat each other up for the Russian market; let us do so in perfectly frank, man fashion, but let us assume at the same time that we are fairly intelligent wolves, and that we know that if we do not hunt together in this hour the German wolf will eat us both up, and then let us go to work.[13]

With this in mind let us take a look at Thompson's personal motivations. Thompson was a financier, a promoter, and, although without previous interest in Russia, had personally financed the Red Cross Mission to Russia and used the mission as a vehicle for political maneuvering. From the total picture we can deduce that Thompson's motives were primarily financial and commercial. Specifically, Thompson was interested in the Russian market, and how this market could be influenced, diverted; and captured for postwar exploitation by a Wall Street syndicate, or syndicates. Certainly Thompson viewed Germany as an enemy, but less a political enemy than an economic or a commercial enemy. German industry and German banking were the real enemy. To outwit Germany, Thompson was willing to place seed money on any political power vehicle that would achieve his objective. In other words, Thompson was an American imperialist fighting against German imperialism, and this struggle was shrewdly recognized and exploited by Lenin and Trotsky.

Chapter VI

THE BOLSHEVIKS RETURN TO NEW YORK

> **Martens is very much in the limelight. There appears to be no doubt about his connection with the Guarantee [*sic*] Trust Company, Though it is surprising that so large and influential an enterprise should have dealings with a Bolshevik concern.**
>
> *Scotland Yard Intelligence Report, London, 1919*[1]

Following on the initial successes of the revolution, the Soviets wasted little time in attempting through former U.S. residents to establish diplomatic relations with and propaganda outlets in the United States. In June 1918 the American consul in Harbin cabled Washington:

> Albert R. Williams, bearer Department passport 52,913 May 15, 1917 proceeding United States to establish information bureau for Soviet Government for which he has written authority. Shall I visa?[2]

Washington denied the visa and so Williams was unsuccessful in his attempt to establish an information bureau here. Williams was followed by Alexander Nyberg (alias Santeri Nuorteva), a former Finnish immigrant to the United States in January 1912, who became the first operative Soviet representative in the United States. Nyberg was an activtive propagandist. In fact, in 1919 be was, according to J. Edgar Hoover (in a letter to the U.S. Committee on Foreign Affairs), "the forerunner of LCAK Martens anti with Gregory Weinstein the most active individual of official Bolshevik propaganda in the United States."[3]

Nyberg was none too successful as a diplomatic representative or, ultimately, as a propagandist. The State Departmment files record an interview with Nyberg by the counselors' office, dated January *29,* 1919. Nyberg was accompanied by H. Kellogg, described as "an American citizen, graduate of Harvard," and, more surprisingly, by a Mr. McFarland, an attorney for the Hearst organization. The State Department records show that Nyberg made "many misstatements in regard to the attitude to the Bolshevik Government" and claimed that Peters, the Lett terrorist police chief in Petrograd, was merely a "kind-hearted poet." Nyberg requested the department to cable Lenin, "on the theory that it might be helpful in bringing about the conference proposed by the Allies at Paris."[4] The proposed message, a rambling appeal to Lenin to gain international acceptance appearing at the Paris Conference, was not sent.[5]

A RAID ON THE SOVIET BUREAU IN NEW YORK

Alexander Nyberg (Nuorteva) was then let go and replaced by the Soviet Bureau, which was established in early 1919 in the World Tower Building, 110 West 40 Street, New York

City. The bureau was headed by a German citizen, Ludwig C. A. K. Martens, who is usually billed as the first ambassador of the Soviet Union in the United States, and who, up to that time, had been vice president of Weinberg & Posner, an engineering firm located at 120 Broadway, New York City. Why the "ambassador" and his offices were located in New York rather than in Washington, D.C. was not explained; it does suggest that trade rather than diplomacy was its primary objective. In any event, the bureau promptly issued a call lot Russian trade with the United States. Industry had collapsed and Russia direly needed machinery, railway goods, clothing, chemicals, drugs — indeed, everything utilized by a modern civilization. In exchange the Soviets offered gold and raw materials. The Soviet Bureau then proceeded to arrange contracts with American firms, ignoring the facts of the embargo and nonrecognition. At the same time it was providing financial support for the emerging Communist Party U.S.A.[6]

On May 7, 1919, the State Department slapped down business intervention in behalf of the bureau (noted elsewhere),[7] and repudiated Ludwig Martens, the Soviet Bureau, and the Bolshevik government o1 Russia. This official rebuttal did not deter the eager order-hunters in American industry. When the Soviet Bureau offices were raided on June 12, 1919, by representatives of the Lusk Committee of the state of New York, files of letters to and from American businessmen, representing almost a thousand firms, were unearthed. The British Home Office Directorate of Intelligence "Special Report No. 5 (Secret)," issued from Scotland Yard, London, July 14, 1919, and written by Basil H. Thompson, was based on this seized material; the report noted:

> . . . Every effort was made from the first by Martens and his associates to arouse the interest of American capitalists and there are grounds tot believing that the Bureau has received financial support from some Russian export firms, as well as from the Guarantee [*sic*] Trust Company, although this firm has denied the allegation that it is financing Martens' organisation.[8]

It was noted by Thompson that the monthly rent of the Soviet Bureau offices was $300 and the office salaries came to about $4,000. Martens' funds to pay these bills came partly from Soviet couriers — such as John Reed and Michael Gruzenberg — who brought diamonds from Russia for sale in the U.S., and partly from American business firms, including the Guaranty Trust Company of New York. The British reports summarized the files seized by the Lusk investigators from the bureau offices, and this summary is worth quoting in full:

> (1) There was an intrigue afoot about the time the President first went to France to get the Administration to use Nuorteva as an intermediary with the Russian Soviet Government, with a view to bring about its recognition by America. Endeavour was made to bring Colonel House into it, and there is a long and interesting letter to Frederick C. Howe, on whose support and sympathy Nuorteva appeared to rely. There are other records connecting Howe with Martens and Nuorteva.
>
> (2) There is a file of correspondence with Eugene Debs.
>
> (3) A letter from Amos Pinchot to William Kent of the U.S. Tariff Commission in an envelope addressed to Senator Lenroot, introduces Evans Clark "now in the Bureau of the Russian Soviet Republic." "He wants to talk to you about the recognition of Kolchak and the raising of the blockade, etc."

> (4) A report to Felix Frankfurter, dated 27th May, 1919 speaks of the virulent campaign vilifying the Russian Government.
>
> (5) There is considerable correspondence between a Colonel and Mrs. Raymond Robbins *[sic]* and Nuorteva, both in 1918 and 1919. In July 1918 Mrs. Robbins asked Nuorteva for articles for "Life and Labour," the organ of the National Women's Trade League. In February and March, 1919, Nuorteva tried, through Robbins, to get invited to give evidence before the Overman Committee. He also wanted Robbins to denounce the Sisson documents.
>
> (6) In a letter from the Jansen Cloth Products Company, New York, to Nuorteva, dated March 30th, 1918, E. Werner Knudsen says that he understands that Nuorteva intends to make arrangements for the export of food-stuffs through Finland and he offers his services. We have a file on Knudsen, who passed information to and from Germany by way of Mexico with regard to British shipping.[9]

Ludwig Martens, the intelligence report continued, was in touch with all the leaders of "the left" in the United States, including John Reed, Ludwig Lore, and Harry J. Boland, the Irish rebel. A vigorous campaign against Aleksandr Kolchak in Siberia had been organized by Martens. The report concludes:

> [Martens'] organization is a powerful weapon for supporting the Bolshevik cause in the United States and... he is in close touch with the promoters of political unrest throughout the whole American continent.

The Scotland Yard list of personnel employed by the Soviet Bureau in New York coincides quite closely with a similar list in the Lusk Committee files in Albany, New York, which are today open for public inspection.[10] There is one essential difference between the two lists: the British analysis included the name "Julius Hammer" whereas Hammer was omitted from the Lusk Committee report.[11] The British report characterizes Julius Hammer as follows:

> In Julius Hammer, Martens has a real Bolshevik and ardent Left Wing adherent, who came not long ago from Russia. He was one of the organizers of the Left Wing movement in New York, and speaks at meetings on the same platform with such Left Wing leaders as Reed, Hourwich, Lore and Larkin.

There also exists other evidence of Hammer's work in behalf of the Soviets. A letter from National City Bank, New York, to the U.S. Treasury Department stated that documents received by the bank from Martens were "witnessed by a Dr. Julius Hammer for the Acting Director of the Financial Department" of the Soviet Bureau.[12]

The Hammer family has had close ties with Russia and the Soviet regime from 1917 to the present. Armand Hammer is today able to acquire the most lucrative of Soviet contracts. Jacob, grandfather of Armand Hammer, and Julius were born in Russia. Armand, Harry, and Victor, sons of Julius, were born in the United States and are U.S. citizens. Victor was a well-known artist; his son — also named Armand — and granddaughter are Soviet citizens and reside in the Soviet Union. Armand Hammer is chairman of Occidental Petroleum Corporation and has a son, Julian, who is director of advertising and publications for

Occidental Petroleum.

Julius Hammer was a prominent member and financier of the left wing of the Socialist Party. At its 1919 convention Hammer served with Bertram D. Wolfe and Benjamin Gitlow on the steering committee that gave birth to the Communist Party of the U.S.

In 1920 Julius Hammer was given a sentence of three-and-one-half to fifteen years in Sing Sing for criminal abortion. Lenin suggested — with justification — that Julius was "imprisoned on the charge of practicing illegal abortions but in fact because of communism."[13] Other U.S. Communist Party members were sentenced to jail for sedition or deported to the Soviet Union. Soviet representatives in the United States made strenuous but unsuccessful efforts to have Julius and his fellow party members released.

Another prominent member of the Soviet Bureau was the assistant secretary, Kenneth Durant, a former aide to Colonel House. In 1920 Durant was identified as a Soviet courier. Appendix 3 reproduces a letter to Kenneth Durant that was seized by the U.S. Department of Justice in 1920 and that describes Durant's close relationship with the Soviet hierarchy. It was inserted into the record of a House committee's hearings in 1920, with the following commentary:

> MR. NEWTON: It is a mailer of interest to this committee to know what was the nature of that letter, and I have a copy of the letter that I Want inserted in the record in connection with the witness' testimony. MR. Mason: That letter has never been shown to the witness. He said that he never saw the letter, and had asked to see it, and that the department had refused to show it to him. We would not put any witness on the stand and ask him to testify to a letter without seeing it.
>
> MR. NEWTON: The witness testified that he has such a letter, and he testified that they found it in his coat in the trunk, I believe. That letter was addressed to a Mr. Kenneth Durant, and that letter had within it another envelope which was likewise sealed. They were opened by the Government officials and a photostatic copy made. The letter, I may say, is signed by a man by the name of *"Bill."* It refers specifically to soviet moneys on deposit in Christiania, Norway, a portion of which they waist turned over here to officials of the soviet government in this country.[14]

Kenneth Durant, who acted as Soviet courier in the transfer of funds, was treasurer lot the Soviet Bureau and press secretary and publisher of *Soviet Russia,* the official organ of the Soviet Bureau. Durant came from a well-to-do Philadelphia family. He spent most of his life in the service of the Soviets, first in charge of publicity work at the Soviet Bureau then from 1923 to 1944 as manager of the Soviet *Tass* bureau in the United States. J. Edgar Hoover described Durant as "at all times . . . particularly active in the interests of Martens and of the Soviet government."[15]

Felix Frankfurter — later justice of the Supreme Courts — was also prominent in the Soviet Bureau files. A letter from Frankfurter to Soviet agent Nuorteva is reproduced in Appendix 3 and suggests that Frankfurter had some influence with the bureau.

In brief, the Soviet Bureau could not have been established without influential assistance

from within the United States. Part of this assistance came from specific influential appointments to the Soviet Bureau staff and part came from business firms outside the bureau, firms that were reluctant to make their support publicly known.

CORPORATE ALLIES FOR THE SOVIET BUREAU

On February 1, 1920, the front page of the *New York Times* carried a boxed notation stating that Martens was to be arrested and deported to Russia. At the same time Martens was being sought as a witness to appear before a subcommittee of the Senate Foreign Relations Committee investigating Soviet activity in the United States. After lying low for a few days Martens appeared before the committee, claimed diplomatic privilege, and refused to give up "official" papers in his possession. Then after a flurry of publicity, Martens "relented," handed over his papers, and admitted to revolutionary activities in the United States with the ultimate aim of overthrowing the capitalist system.

Martens boasted to the news media and Congress that big corporations, the Chicago packers among them, were aiding the Soviets:

> Affording to Martens, instead of farthing on propaganda among the radicals and the proletariat he has addressed most of his efforts to winning to the side of Russia the big business and manufacturing interests of this country, the packers, the United States Steel Corporation, the Standard Oil Company and other big concerns engaged in international trade. Martens asserted that most of the big business houses of the country were aiding him in his effort to get the government to recognize the Soviet government.[16]

This claim was expanded by A. A. Heller, commercial attache at the Soviet Bureau:

> "Among the people helping us to get recognition from the State Department are the big Chit ago packers, Armour, Swift, Nelson Morris and Cudahy ..... Among the other firms are . . . the American Steel Export Company, the Lehigh Machine Company, the Adrian Knitting Company, the International Harvester Company, the Aluminum Goods Manufacturing Company, the Aluminum Company of America, the American Car and Foundry Export Company, M.C.D. Borden & Sons."[17]

The *New York Times* followed up these claims and reported comments of the firms named. "I have never heard of this man [Martens] before in my life," declared G. F. Swift, Jr., in charge of the export department of Swift & Co. "Most certainly I am sure that we have never had any dealings with him of any kind."[18] The *Times* added that O. H. Swift, the only other member of the firm that could be contacted, "also denied any knowledge whatever of Martens or his bureau in New York." The Swift statement was evasive at best. When the Lusk Committee investigators seized the Soviet Bureau files, they found correspondence between the bureau and almost all the firms named by Martens and Heller. The "list of firms that offered to do business with Russian Soviet Bureau," compiled from these files, included an entry (page 16), "Swift and Company, Union Stock Yards, Chicago, Ill." In other words, Swift *had* been in communication with Martens despite its denial to the *New York Times.*

The *New York Times* contacted United States Steel and reported, "Judge Elbert H. Gary said

last night that there was no foundation for the statement with the Soviet representative here had had any dealings with the United States Steel Corporation." This is technically correct. The United States Steel Corporation is not listed in the Soviet files, but the list *does* contain (page 16) an affiliate, "United States Steel Products Co., 30 Church Street, New York City."

The Lusk Committee list records the following about other firms mentioned by Martens and Heller: Standard Oil — not listed. Armour 8c Co., meatpackers — listed as "Armour Leather" and "Armour & Co. Union Stock Yards, Chicago." Morris Go., meatpackers, is listed on page 13. Cudahy — listed on page 6. American Steel Export Co. — listed on page 2 as located at the Woolworth Building; it had offered to trade with the USSR. Lehigh Machine Co. — not listed. Adrian Knitting Co. — listed on page 1. International Harvester Co. — listed on page 11. Aluminum Goods Manufacturing Co. — listed on page 1. Aluminum Company of America — not listed. American Car and Foundry Export — the closest listing is "American Car Co. — Philadelphia." M.C.D. Borden 8c Sons — listed as located at 90 Worth Street, on page 4.

Then on Saturday, June *21*, 1919, Santeri Nuorteva (Alexander Nyberg) confirmed in a press interview the role of International Harvester:

> Q: [by *New York T*imes reporter]: What is your business?
>
> A: Purchasing director tot Soviet Russia.
>
> Q: What did you do to accomplish this?
>
> A: Addressed myself to American manufacturers.
>
> Q: Name them.
>
> A: International Harvester Corporation is among them.
>
> Q: Whom did you see?
>
> A**:** Mr. Koenig.
>
> Q: Did you go to see him?
>
> A: Yes.
>
> Q: Give more names.
>
> A: I went to see so many, about 500 people and I can't remember all the names.
> We have files in the office disclosing them.[19]

In brief, the claims by Heller and Martens relating to their widespread contacts among certain U.S. firms[20] were substantiated by the office files of the Soviet Bureau. On the other hand, for their own good reasons, these firms appeared unwilling to confirm their activities.

EUROPEAN BANKERS AID THE BOLSHEVIKS

In addition to Guaranty Trust and the private banker Boissevain in New York, some European bankers gave direct help to maintain and expand the Bolshevik hold on Russia. A 1918 State Department report from our Stockholm embassy details these financial transfers. The department commended its author, stating that his *"re*ports on conditions in Russia, the spread of Bolshevism in Europe, and financial questions . . . have proved most helpful to the Department. Department is much gratified by your capable handling of the legation's business."[21] According to this report, one of these "Bolshevik bankers" acting in behalf of the emerging Soviet regime was Dmitri Rubenstein, of the former Russo-French bank in Petrograd. Rubenstein, an associate of the notorious Grigori Rasputin, had been jailed in prerevolutionary Petrograd in connection with the sale of the Second Russian Life Insurance Company. The American manager and director of the Second Russian Life Insurance Company was John MacGregor Grant, who was located at 120 Broadway, New York City. Grant was also the New York representative of Putiloff's Banque Russo-Asiatique. In August 1918 Grant was (for unknown reasons) listed on the Military Intelligence Bureau "suspect list."[22] This may have occurred because Olof Aschberg in early 1918 reported opening a foreign credit in Petrograd "with the John MacGregor Grant Co., export concern, which it [Aschberg] finances in Sweden and which is financed in America by the Guarantee *[sic]* Trust Co."[23] After the revolution Dmitri Rubenstein moved to Stockholm and became financial agent for the Bolsheviks. The State Department noted that while Rubenstein was "not a Bolshevik, he has been unscrupulous in moneT' making, and it is suspected that he may be making the contemplated visit to America in Bolshevik interest and for Bolshevik pay.[24]

Another Stockholm "Bolshevik banker" was Abram Givatovzo, brother-in-law of Trotsky and Lev Kamenev. The State Department report asserted that while Givatovzo pretended to be "very anti-Bolshevik," he had in fact received "large sums" of moneT' from the Bolsheviks by courier for financing revolutionary operations. Givatovzo was part of a syndicate that included Denisoff of the former Siberian bank, Kamenka of the Asoff Don Bank, and Davidoff of the Bank of Foreign Commerce. This syndicate sold the assets of the former Siberian Bank to the British government.

Yet another tsarist private banker, Gregory Lessine, handled Bolshevik business through the firm of Dardel and Hagborg. Other "Bolshevik bankers" named in the report are stirrer and Jakob Berline, who previously controlled, through his wife, the Petrograd Nelkens Bank. Isidor Kon was used by these bankers as an agent.

The most interesting of these Europe-based bankers operating in behalf of the Bolsheviks was Gregory Benenson, formerly chairman in Petrograd of the Russian and English Bank — a bank which included on its board of directors Lord Balfour (secretary of state for foreign affairs in England) and Sir I. M. H. Amory, as well as S. H. Cripps and H. Guedalla. Benenson traveled to Petrograd after the revolution, then on to Stockholm. He came. said one State Department official, "bringing to my knowledge ten million rubles with him as he offered them to me at a high price for the use of our Embassy Archangel." Benenson had an arrangement with the Bolsheviks to exchange sixty million rubles for £1.5 million sterling.

In January 1919 the private bankers in Copenhagen that were associated with Bolshevik institutions became alarmed by rumors that the Danish political police had marked the Soviet legation and those persons in contact with the Bolsheviks for expulsion from

Denmark. These bankers and the legation hastily attempted to remove their funds from Danish banks — in particular, seven million rubles from the Revisionsbanken.[25] Also, confidential documents were hidden in the offices of the Martin Larsen Insurance Company.

Consequently, we can identify a pattern of assistance by capitalist bankers for the Soviet Union. Some of these were American bankers, some were tsarist bankers who were exiled and living in Europe, and some were European bankers. Their common objective was profit, not ideology.

The questionable aspects of the work of these "Bolshevik bankers," as they were called, arises from the framework of contemporary events in Russia. In 1919 French, British, and American troops were fighting Soviet troops in the Archangel region. In one clash in April 1919, for example, American casualties were one officer, .five men killed, and nine missing.[26] Indeed, at one point in 1919 General Tasker H. Bliss, the U.S. commander in Archangel, affirmed the British statement that "Allied troops in the Murmansk and Archangel districts were in danger of extermination unless they were speedily reinforced."[27] Reinforcements were then on the way under the command of Brigadier General W. P. Richardson.

In brief, while Guaranty Trust and first-rank American firms were assisting the formation of the Soviet Bureau in New York, American troops were in conflict with Soviet troops in North Russia. Moreover, these conflicts were daily reported in the *New York Times,* presumably read by these bankers and businessmen. Further, as we shall see in chapter ten, the financial circles that were supporting the Soviet Bureau in New York also formed in New York the "United Americans" — a virulently anti-Communist organization predicting bloody revolution, mass starvation, and panic in the streets of New York.

Footnotes:

[1]Copy in U.S. State Dept. Decimal File, 316-22-656.

[2]Ibid., 861.00/1970.

[3]U.S., House, Committee on Foreign Affairs, *Conditions in Russia,* 66th Cong., 3d sess., 1921, p. 78.

[4]U.S. State Dept. Decimal File, 316-19-1120.

[5]Ibid.

[6]See Benjamin Gitlow, [U.S., House, *Un-American Propaganda Activities* (Washington, 1939), vols. 7-8, p. 4539.

[7]See p. 119.

[8]Copy in [U.S. State Dept. Decimal File, 316-22-656. Confirmation of Guaranty Trust involvement tomes in later intelligence reports.

[9]On Frederick C. Howe see pp. 16, 177, for an early statement of the manner in which financiers use society and its problems for their own ends; on Felix Frankfurter, later Supreme Court justice, see Appendix 3 for an early Frankfurter letter to Nuorteva; on Raymond Robins see p. 100.

[10]The Lusk Committee list of personnel in the Soviet Bureau is printed in Appendix 3. The list includes Kenneth Durant, aide to Colonel House; Dudley Field Malone, appointed by President Wilson as collector of customs for the Port of New York; and Morris Hillquit, the financial intermediary between New York banker Eugene Boissevain on the one hand, and John Reed and Soviet agent Michael Gruzenberg on the other.

[11]Julius Hammer was the father of Armand Hammer, who today is chairman of the Occidental Petroleum Corp. of Los Angeles.

[12]See Appendix 3.

[13]V. I. Lenin, *Polnoe Sobranie Sochinenii,* 5th ed. (Moscow, 1958), 53:267.

[14]U.S., House, Committee. on Foreign Affairs, *Conditions in Russia,* 66th Cong., 3d sess., 1921, p. 75. "Bill" was William Bobroff, Soviet agent.

[15]Ibid., p. 78.

[16]*New York Times,* November 17, 1919.

[17]Ibid.

[18]Ibid.

[19]*New York Times,* June 21, 1919.

[20]See p. 119.

[21]U.S. State Dept. Decimal File, 861.51/411, November 23, 1918.

[22]Ibid., 316-125-1212.

[23]U.S., Department of State, *Foreign Relations o! the United States: 1918, Russia,* 1:373.

[24]U.S. State Dept. Decimal File, 861.00/4878, July,' 21, 1919.

[25]Ibid., 316-21-115/21.

[26]*New York Times*, April 5, 1919.

[27]Ibid.

BACK

Chapter VIII

120 BROADWAY, NEW YORK CITY

> **William B. Thompson, who was in Petrograd from July until November last, has made a personal contribution of $1,000,000 to the Bolsheviki for the purpose of spreading their doctrine in Germany and Austria ....**
>
> *Washington Post, February 2, 1918*

While collecting material for this book a single location and address in the Wall Street area came to the fore — 120 Broadway, New York City. Conceivably, this book could have been written incorporating only persons, firms, and organizations located at 120 Broadway in the year 1917. Although this research method would have been forced and unnatural, it would have excluded only a relatively small segment of the story.

The original building at 120 Broadway was destroyed by fire before World War I. Subsequently the site was sold to the Equitable Office Building Corporation, organized by General T. Coleman du Pont, president of du Pont de Nemours Powder Company.[1] A new building was completed in 1915 and the Equitable Life Assurance Company moved back to its old site.[2] In passing we should note an interesting interlock in Equitable history. In 1916 the cashier of the Berlin Equitable Life office was William Schacht, the father of Hjalmar Horace Greeley Schacht — later to become Hitler's banker, and financial genie. William Schacht was an American citizen, worked thirty years for Equitable in Germany, and owned a Berlin house known as "Equitable Villa." Before joining Hitler, young Hjalmar Schacht served as a member of the Workers and Soldiers Council (a soviet) of Zehlendoff; this he left in 1918 to join the board of the Nationalbank fur Deutschland. His codirector at DONAT was Emil Wittenberg, who, with Max May of Guaranty Trust Company of New York, was a director of the first Soviet international bank, Ruskombank.

In any event, the building at 120 Broadway was in 1917 known as the Equitable Life Building. A large building, although by no means the largest office building in New York City, it occupies a one-block area at Broadway and Pine, and has thirty-four floors. The Bankers Club was located on the thirty-fourth floor. The tenant list in 1917 in effect reflected American involvement in the Bolshevik Revolution and its aftermath. For example, the headquarters of the No. 2 District of the Federal Reserve System — the New York area — by far the most important of the Federal Reserve districts, was located at 120 Broadway. The offices of several individual directors of the Federal Reserve Bank of New York and, most important, the American International Corporation were also at 120 Broadway. By way of contrast, Ludwig Martens, appointed by the Soviets as the first Bolshevik "ambassador" to the United States and head of the Soviet Bureau, was in 1917 the vice president of Weinberg & Posner — and also had offices at 120 Broadway.*

Is this concentration an accident? Does the geographical contiguity have any significance? Before attempting to suggest an answer, we have to switch our frame of reference and abandon the left-right spectrum of political analysis.

With an almost unanimous lack of perception the academic world has described and analyzed international political relations in the context of an unrelenting conflict between capitalism and communism, and rigid adherence to this Marxian formula has distorted modern history. Tossed out from time to time are odd remarks to the effect that the polarity is indeed spurious, but these are quickly dispatched to limbo. For example, Carroll Quigley, professor of international relations at Georgetown University, made the following comment on the House of Morgan:

> More than fifty years ago the Morgan firm decided to infiltrate the Left-wing political movements in the United States. This was relatively easy to do, since these groups were starved for funds and eager for a voice to reach the people. Wall Street supplied both. The purpose was not to destroy, dominate or take over...[3]

Professor Quigley's comment, apparently based on confidential documentation, has all the ingredients of an historical bombshell if it can be supported. We suggest that the Morgan firm infiltrated not only the domestic left, as noted by Quigley, but also the foreign left — that is, the Bolshevik movement and the Third International. Even further, through friends in the U.S. State Department, Morgan and allied financial interests, particularly the Rockefeller family, have exerted a powerful influence on U.S.-Russian relations from World War I to the present. The evidence presented in this chapter will suggest that two of the operational vehicles for infiltrating or influencing foreign revolutionary movements were located at 120 Broadway: the first, the Federal Reserve Bank of New York, heavily laced with Morgan appointees; the second, the Morgan-controlled American International Corporation. Further, there was an important interlock between the Federal Reserve Bank of New York and the American International Corporation — C. A. Stone, the president of American International, was also a director of the Federal Reserve Bank.

The tentative hypothesis then is that this unusual concentration at a single address was a reflection of purposeful actions by specific firms and persons and that these actions and events cannot be analyzed within the usual spectrum of left-right political antagonism.

AMERICAN INTERNATIONAL CORPORATION

The American International Corporation (AIC) was organized in New York on November 22, 1915, by the J.P. Morgan interests, with major participation by Stillman's National City Bank and the Rockefeller interests. The general office of AIC was at 120 Broadway. The company's charter authorized it to engage in any kind of business, except banking and public utilities, in any country in the world. The stated purpose of the corporation was to develop domestic and foreign enterprises, to extend American activities abroad, and to promote the interests of American and foreign bankers, business and engineering.

Frank A. Vanderlip has described in his memoirs how American International was formed and the excitement created on Wall Street over its business potential.[4] The original idea was generated by a discussion between Stone & Webster — the international railroad contractors who "were convinced there was not much more railroad building to be done in the United States" — and Jim Perkins and Frank A. Vanderlip of National City Bank (NCB).[5] The original capital authorization was $50 million and the board of directors represented the leading lights of the New York financial world. Vanderlip records that he

wrote as follows to NCB president Stillman, enthusing over the enormous potential for American International Corporation:

> James A. Farrell and Albert Wiggin have been invited [to be on the board] but had to consult their committees before accepting. I also have in mind asking Henry Walters and Myron T. Herrick. Mr. Herrick is objected to by Mr. Rockefeller quite strongly but Mr. Stone wants him and I feel strongly that he would be particularly desirable in France. The whole thing has gone along with a smoothness that has been gratifying and the reception of it has been marked by an enthusiasm which has been surprising to me even though I was so strongly convinced we were on the right track.
>
> I saw James J. Hill today, for example. He said at first that he could not possibly think of extending his responsibilities, but after I had finished telling him what we expected to do, he said he would be glad to go on the board, would take a large amount of stock and particularly wanted a substantial interest in the City Bank and commissioned me to buy him the stock at the market.
>
> I talked with Ogden Armour about the matter today for the first time. He sat in perfect silence while I went through the story, and, without asking a single question, he said he would go on the board and wanted $500,000 stock.
>
> Mr. Coffin [of General Electric] is another man who is retiring from everything, but has 'become so enthusiastic over this that he was willing to go on the board, and offers the most active cooperation.
>
> I felt very good over getting Sabin. The Guaranty Trust is altogether the most active competitor we have in the field and it is of great value to get them into the fold in this way. They have been particularly enthusiastic at Kuhn, Loeb's. They want to take up to $2,500,000. There was really quite a little competition to see who should get on the board, but as I had happened to talk with Kahn and had invited him first, it was decided he should go on. He is perhaps the most enthusiastic of any one. They want half a million stock for Sir Ernest Castle** to whom they have cabled the plan and they have back from him approval of it.
>
> I explained the whole matter to the Board [of the City Bank] Tuesday and got nothing but favorable comments.[6]

Everybody coveted the AIC stock. Joe Grace (of W. R. Grace & Co.) wanted $600,000 in addition to his interest in National City Bank. Ambrose Monell wanted $500,000. George Baker wanted $250,000. And "William Rockefeller tried, vainly, to get me to put him down for $5,000,000 of the common."[7]

By 1916 AIC investments overseas amounted to more than $23 million and in 1917 to more than $27 million. The company established representation in London, Paris, Buenos Aires, and Peking as well as in Petrograd, Russia. Less than two years after its formation AIC was operating on a substantial scale in Australia, Argentina, Uruguay, Paraguay, Colombia, Brazil, Chile, China, Japan, India, Ceylon, Italy, Switzerland, France, Spain, Cuba, Mexico,

and other countries in Central America.

American International owned several subsidiary companies outright, had substantial interests in yet other companies, and operated still other firms in the United States and abroad. The Allied Machinery Company of America was founded in February 1916 and the entire share capital taken up by American International Corporation. The vice president of American International Corporation was Frederick Holbrook, an engineer and formerly head of the Holbrook Cabot & Rollins Corporation. In January 1917 the Grace Russian Company was formed, the joint owners being W. R. Grace & Co. and the San Galli Trading Company of Petrograd. American International Corporation had a substantial investment in the Grace Russian Company and through Holbrook an interlocking directorship.

AIC also invested in United Fruit Company, which was involved in Central American revolutions in the 1920s. The American International Shipbuilding Corporation was wholly owned by AIC and signed substantial contracts for war vessels with the Emergency Fleet Corporation: one contract called for fifty vessels, followed by another contract for forty vessels, followed by yet another contract for sixty cargo vessels. American International Shipbuilding was the largest single recipient of contracts awarded by the U.S. government Emergency Fleet Corporation. Another company operated by AIC was G. Amsinck & Co., Inc. of New York; control of the company was acquired in November 1917. Amsinck was the source of financing for German espionage in the United States (see page 66). In November 1917 the American International Corporation formed and wholly owned the Symington Forge Corporation, a major government contractor for shell forgings. Consequently, American International Corporation had significant interest in war contracts within the United States and overseas. It had, in a word, a vested interest in the continuance of World War I.

The directors of American International and some of their associations were (in 1917):

> J. OGDEN ARMOUR Meatpacker, of Armour & Company, Chicago; director of the National City Bank of New York; and mentioned by A. A. Heller in connection with the Soviet Bureau (see p. 119).
>
> GEORGE JOHNSON BALDWIN Of Stone & Webster, 120 Broadway. During World War I Baldwin was chairman of the board of American International Shipbuilding, senior vice president of American International Corporation, director of G. Amsinck (Von Pavenstedt of Amsinck was a German espionage paymaster in the U.S., see page 65), and a trustee of the Carnegie Foundation, which financed the Marburg Plan for international socialism to be controlled behind the scenes by world finance (see page 174-6).
>
> C. A. COFFIN Chairman of General Electric (executive office: 120 Broadway), chairman of cooperation committee of the American Red Cross.
>
> W. E. COREY (14 Wall Street) Director of American Bank Note Company, Mechanics and Metals Bank, Midvale Steel and Ordnance, and International Nickel Company; later director of National City Bank.
>
> ROBERT DOLLAR San Francisco shipping magnate, who attempted in behalf of the Soviets to import tsarist gold rubles into U.S. in 1920, in contravention

of U.S. regulations.

PIERRE S. DU PONT Of the du Pont family.

PHILIP A. S. FRANKLIN Director of National City Bank.

J.P. GRACE Director of National City Bank.

R. F. HERRICK Director, New York Life Insurance; former president of the American Bankers Association; trustee of Carnegie Foundation.

OTTO H. KAHN Partner in Kuhn, Loeb. Kahn's father came to America in 1948, "having taken part in the unsuccessful German revolution of that year." According to J. H. Thomas (British socialist, financed by the Soviets), "Otto Kahn's face is towards the light."

H. W. PRITCHETT Trustee of Carnegie Foundation.

PERCY A. ROCKEFELLER Son of John D. Rockefeller; married to Isabel, daughter of J. A. Stillman of National City Bank.

JOHN D. RYAN Director of copper-mining companies, National City Bank, and Mechanics and Metals Bank. (See frontispiece to this book.)

W. L. SAUNDERS Director the Federal Reserve Bank of New York, 120 Broadway, and chairman of Ingersoll-Rand. According to the *National Cyclopaedia* (26:81): "Throughout the war he was one of the President's most trusted advisers." See page 15 for his views on the Soviets.

J. A. STILLMAN President of National City Bank, after his father (J. Stillman, chairman of NCB) died in March 1918.

C. A. STONE Director (1920-22) of Federal Reserve Bank of New York, 120 Broadway; chairman of Stone & Webster, 120 Broadway; president (1916-23) of American International Corporation, 120 Broadway.

T. N. VAIL President of National City Bank of Troy, New York

F. A. VANDERLIP President of National City Bank.

E. S. WEBSTER Of Stone & Webster, 120 Broadway.

A. H. WIGGIN Director of Federal Reserve Bank of New York in the early 1930s.

BECKMAN WINTHROPE Director of National City Bank.

WILLIAM WOODWARD Director of Federal Reserve Bank of New York, 120 Broadway, and Hanover National Bank.

The interlock of the twenty-two directors of American International Corporation with other institutions is significant. The National City Bank had no fewer than ten directors on the board of AIC; Stillman of NCB was at that time an intermediary between the Rockefeller and Morgan interests, and both the Morgan and the Rockefeller interests were represented directly on AIC. Kuhn, Loeb and the du Ponts each had one director. Stone & Webster had three directors. No fewer than four directors of AIC (Saunders, Stone, Wiggin, Woodward) either were directors of or were later to join the Federal Reserve Bank of New York. We have noted in an earlier chapter that William Boyce Thompson, who contributed funds and his considerable prestige to the Bolshevik Revolution, was also a director of the Federal Reserve Bank of New York — the directorate of the FRB of New York comprised only nine members.

THE INFLUENCE O

Chapter IV

GUARANTY TRUST GOES TO RUSSIA

> **Soviet Govemment desire Guarantee [*sic*] Trust Company to become fiscal agent in United States for all Soviet operations and contemplates American purchase Eestibank with a view to complete linking of Soviet fortunes with American financial interests.**
>
> *William H. Coombs, reporting to the U.S. embassy in London, June 1, 1920 (U.S. State Dept. Decimal File, 861.51/752). ("Eestibank" was an Estonian bank)*

In 1918 the Soviets faced a bewildering array of internal and external problems. They occupied a mere fraction of Russia. To subdue the remainder, they needed foreign arms, imported food, outside financial support, diplomatic recognition, and — above all — foreign trade. To gain diplomatic recognition and foreign trade, the Soviets first needed representation abroad, and representation in turn required financing through gold or foreign currencies. As we have already seen, the first step was to establish the Soviet Bureau in New York under Ludwig Martens. At the same time, efforts were made to transfer funds to the United States and Europe for purchases of needed goods. Then influence was exerted in the U.S. to gain recognition or to obtain the export licenses needed to ship goods to Russia.

New York bankers and lawyers provided significant — in some cases, critical — assistance for each of these tasks. When Professor George V. Lomonossoff, the Russian technical expert in the Soviet Bureau, needed to transfer funds from the chief Soviet agent in Scandinavia, a prominant Wall Street attorney came to his assistance — using official State Department channels and the acting secretary of state as an intermediary. When gold had to be transferred to the United States, it was American International Corporation, Kuhn, Loeb & Co., and Guaranty Trust that requested the facilities and used their influence in Washington to smooth the way. And when it came to recognition, we find American firms pleading .with Congress and with the public to endorse the Soviet regime.

Lest the reader should deduce — too hastily — from these assertions that Wall Street was indeed tinged with Red, or that Red flags were flying in the street (see frontispiece), we also in a later chapter present evidence that the J.P. Morgan firm financed Admiral Kolchak in Siberia. Aleksandr Kolchak was fighting the Bolsheviks, to install his own brand of authoritarian rule. The firm also contributed to the anti-Communist United Americans organization.

WALL STREET COMES TO THE AID OF PROFESSOR LOMONOSSOFF

The case of Professor Lomonossoff is a detailed case history of Wall Street assistance to the early Soviet regime. In late 1918 George V. Lomonossoff, member of the Soviet Bureau in New York and later first Soviet commissar of railroads, found himself stranded in the United States without funds. At this time Bolshevik funds were denied entry into the United

States; indeed, there was no official recognition of the regime at all. Lomonossoff was the subject of a letter of October 24, 1918, from the U.S. Department of Justice to the Department of State.[1] The letter referred to Lomonossoff's Bolshevik attributes and pro-Bolshevik speeches. The investigator concluded, "Prof. Lomonossoff is not a Bolshevik although his speeches constitute unequivocal support for the Bolshevik cause." Yet Lomonossoff was able to pull strings at the highest levels of the administration to have $25,000 transferred from the Soviet Union through a Soviet espionage agent in Scandinavia (who was himself later to become confidential assistant to Reeve Schley, a vice president of Chase Bank). All this with the assistance of a member of a prominent Wall Street firm of attorneys![2]

The evidence is presented in detail because the details themselves point up the close relationship between certain interests that up to now have been thought of as bitter enemies. The first indication of Lornonossoff's problem is a letter dated January 7, 1919, from Thomas L. Chadbourne of Chadbourne, Babbitt 8e Wall of 14 Wall Street (same Address as William Boyce Thompson's) to Frank Polk, acting secretary of state. Note the friendly salutation and casual reference to Michael Gruzenberg, alias Alexander Gumberg, chief Soviet agent in Scandinavia and later Lomonossoff's assistant:

> Dear Frank: You were kind enough to say that if I could inform you of the status of the $25,000 item of personal funds belonging to Mr. & Mrs. Lomonossoff you would set in motion the machinery necessary to obtain it here for them.
>
> I have communicated with Mr. Lomonossoff with respect to it, and he tells me that Mr. Michael Gruzenberg, who went to Russia for Mr. Lomonossoff prior to the difficulties between Ambassador Bakhmeteff and Mr. Lomonossoff, transmitted the information to him respecting this money through three Russians who recently arrived from Sweden, and Mr. Lomonossoff believes that the money is held at the Russian embassy in Stockholm, Milmskilnad Gaten 37. If inquiry from the State Department should develop this to be not the place where the money is on deposit, then the Russian embassy in Stockholm can give the exact address of Mr. Gruzenberg, who can give the proper information respecting it. Mr. Lomonossoff does not receive letters from Mr. Gruzenberg, although he is informed that they have been written: nor have any of his letters to Mr. Gruzenberg been delivered, he is also informed. For this reason it is impossible to be more definite than I have been, but I hope something can be done to relieve his and his wife's embarrassment for lack of funds, and it only needs a little help to secure this money which belongs to them to aid them on this side of the water.
>
> Thanking you in advance for anything you can do, I beg to remain, as ever,
>
> Yours sincerely,
> Thomas L. Chadbourne.

In 1919, at the time this letter was written, Chadbourne was a dollar-a-year man in Washington, counsel and director of the U.S. War Trade Board, and a director of the U.S. Russian Bureau Inc., an official front company of the U.S. government. Previously, in 1915, Chadbourne organized Midvale Steel and Ordnance to take advantage of war business. In

1916 he became chairman of the Democratic Finance Committee and later a director of Wright Aeronautical and o[Mack Trucks.

The reason Lomonossoff was not receiving letters from Gruzenberg is that they were, in all probability, being intercepted by one of several governments taking a keen interest in the latter's activities.

On January 11, 1919, Frank Polk cabled the American legation in Stockholm:

> Department is in receipt of information that $25,000, personal funds of .... Kindly inquire of the Russian Legation informally and personally if such funds are held thus. Ascertain, if not, address of Mr. Michael Gruzenberg, reported to be in possession of information on this subject. Department not concerned officially, merely undertaking inquiries on behalf of a former Russian official in this country.
>
> Polk, Acting

Polk appears in this letter to be unaware of Lomonossoff's Bolshevik connections, and refers to him as "a former Russian official in this country." Be that as it may, within three days Polk received a reply from Morris at the U.S. Legation in Stockholm:

> January 14, 3 p.m. 3492. Your January 12, 3 p.m., No. 1443.
>
> Sum of $25,000 of former president of Russian commission of ways of communication in United States not known to Russian legation; neither can address of Mr. Michael Gruzenberg be obtained.
>
> Morris

Apparently Frank Polk then wrote to Chadbourne (the letter is not included in the source) and indicated that State could find neither Lomonossoff nor Michael Gruzenberg. Chadbourne replied on January 21, 1919:

> Dear Frank: Many thanks for your letter of January 17. I understand that there are two Russian legations in Sweden, one being the soviet and the other the Kerensky, and I presume your inquiry was directed to the soviet legation as that was the address I gave you in my letter, namely, Milmskilnad Gaten 37, Stockholm.
>
> Michael Gruzenberg's address is, Holmenkollen Sanitarium, Christiania, Norway, and I think the soviet legation could find out all about the funds through Gruzenberg if they will communicate with him.
>
> Thanking you for taking this trouble and assuring you of my deep appreciation, I remain,
>
> Sincerely yours,
> Thomas L. Chadbourne

We should note that a Wall Street lawyer had the address of Gruzenberg, chief Bolshevik agent in Scandinavia, at a time when the acting secretary of state and the U.S. Stockholm legation had no record of the address; nor could the legation track it down. Chadbourne also presumed that the Soviets were the official government of Russia, although that government was not recognized by the United States, and Chadbourne's official government position on the War Trade Board would require him to know that.

Frank Polk then cabled the American legation at Christiania, Norway, with the address of Michael Gruzenberg. It is not known whether Polk knew he was passing on the address of an espionage agent, but his message was as follows:

> To American Legation, Christiania. January 25, 1919. It is reported that Michael Gruzenberg is at Holmenkollen Sanitarium. Is it possible for you to locate him and inquire if he has any knowledge respecting disposition of $25,000 fund belonging to former president of Russian mission of ways of communication in the United States, Professor Lomonossoff.
>
> Polk, Acting

The U.S. representative (Schmedeman) at Christiania knew Gruzenberg well. Indeed, the name had figured in reports from Schmedeman to Washington concerning Gruzenberg's pro-Soviet activities in Norway. Schmedeman replied:

> January 29, 8 p.m. 1543. Important. Your January 25, telegram No. 650.
>
> Before departing to-day for Russia, Michael Gruzenberg informed our naval attache that when in Russia some few months ago he had received, at Lomonossoff's request, $25,000 from the Russian Railway Experimental Institute, of which Prof. Lomonossoff was president. Gruzenberg claims that to-day he cabled attorney for Lomonossoff in New York, Morris Hillquitt *[sic]*, that he, Gruzenberg, is in possession of the money, and before forwarding it is awaiting further instructions from the United States, requesting in the cablegram that Lomonossoff be furnished with living expenses for himself and family by Hillquitt pending the receipt of the money.[3]
>
> As Minister Morris was traveling to Stockholm on the same train as Gruzenberg, the latter stated that he would advise further with Morris in reference to this subject.
>
> Schmedeman

The U.S. minister traveled with Gruzenberg to Stockholm where he received the following cable from Polk:

> It is reported by legation at Christiania that Michael Gruzenberg, has for Prof. G. Lomonossoff, the . . . sum of $25,000, received from Russian Railway Experimental Institute. If you can do so without being involved with Bolshevik authorities, department will be glad for you to facilitate transfer of this money to Prof. Lomonossoff in this country. Kindly reply.

Polk, Acting

This cable produced results, for on February 5, 1919, Frank Polk wrote to Chadbourne about a "dangerous bolshevik agitator," Gruzenberg:

> My Dear Tom: I have a telegram from Christiania indicating that Michael Gruzenberg has the $25,000 of Prof. Lomonossoff, and received it from the Russian Railway Experimental Institute, and that he had cabled Morris Hillquitt [*sic*], at New York, to furnish Prof. Lomonossoff money for living expenses until the fund in question can be transmitted to him. As Gruzenberg has just been deported from Norway as a dangerous bolshevik agitator, he may have had difficulties in telegraphing from that country. I understand he has now gone to Christiania, and while it is somewhat out of the department's line of action, I shall be glad, if you wish, to see if I can have Mr. Gruzenberg remit the money to Prof. Lomonossoff from Stockholm, and am telegraphing our minister there to find out if that can be done.
>
> Very sincerely, yours,
> Frank L. Polk

The telegram from Christiania referred to in Polk's letter reads as follows:

> February 3, 6 p.m., 3580. Important. Referring department's january 12, No. 1443, $10,000 has now been deposited in Stockholm to my order to be forwarded to Prof. Lomonossoff by Michael Gruzenberg, one of the former representatives of the bolsheviks in Norway. I informed him before accepting this money that I would communicate with you and inquire if it is your wish that this money be forwarded to Lomonossoff. Therefore I request instructions as to my course of action.
>
> Morris

Subsequently Morris, in Stockholm, requested disposal instructions for a $10,000 draft deposited in a Stockholm bank. His phrase "[this] has been my only connection with the affair" suggests that Morris was aware that the Soviets could, a

Chapter X

J.P. MORGAN GIVES A LITTLE HELP TO THE OTHER SIDE

I would not sit down to lunch with a Morgan — except possibly to learn something of his motives and attitudes.

William E. Dodd, Ambassador Dodd's Diary, 1933-1938

So far our story has revolved around a single major financial house — Guaranty Trust Company, the largest trust company in the United States and controlled by the J.P. Morgan firm. Guaranty Trust used Olof Aschberg, the Bolshevik banker, as its intermediary in Russia before and after the revolution. Guaranty was a backer of Ludwig Martens and his Soviet Bureau, the first Soviet representatives in the United States. And in mid-1920 Guaranty was the Soviet fiscal agent in the U.S.; the first shipments of Soviet gold to the United States also traced back to Guaranty Trust.

There is a startling reverse side to this pro-Bolshevik activity — Guaranty Trust was a founder of United Americans, a virulent anti-Soviet organization which noisily threatened Red invasion by 1922, claimed that $20 million of Soviet funds were on the way to fund Red revolution, and forecast panic in the streets and mass starvation in New York City. This duplicity raises, of course, serious questions about the intentions of Guaranty Trust and its directors. Dealing with the Soviets, even backing them, can be explained by apolitical greed or simply profit motive. On the other hand, spreading propaganda designed to create fear and panic while at the same time encouraging the conditions that give rise to the fear and panic is a considerably more serious problem. It suggests utter moral depravity. Let's first look more closely at the anti-Communist United Americans.

UNITED AMERICANS FORMED TO FIGHT COMMUNISM[1]

In 1920 the organization United Americans was founded. It was limited to citizens of the United States and planned for five million members, "whose sole purpose would be to combat the teachings of the socialists, communists, I.W.W., Russian organizations and radical farmers societies."

In other words, United Americans was to fight all those institutions and groups believed to be anticapitalist.

The officer's of the preliminary organization established to build up United Americans were Allen Walker of the Guaranty Trust Company; Daniel Willard, president of the Baltimore 8c Ohio Railroad; H. H. Westinghouse, of Westinghouse Air Brake Company; and Otto H. Kahn, of Kuhn, Loeb 8c Company and American International Corporation. These Wall Streeters were backed up by assorted university presidents arid Newton W. Gilbert (former governor of the Philippines). Obviously, United Americans was, at first glance, exactly the kind of organization that establishment capitalists would be expected to finance and join. Its formation should have brought no great surprise.

On the other hand, as we have already seen, these financiers were also deeply involved in *supporting* the new Soviet regime in Russia — although this support was behind the scenes, recorded only in government files, and not to be made public for 50 years. As part of United Americans, Walker, Willard, Westinghouse, and Kahn were playing a double game. Otto H. Kahn, a founder of the anti-Communist organization, was reported by the British socialist J. H. Thomas as having his "face towards the light." Kahn wrote the preface to Thomas's book. In 1924 Otto Kahn addressed the League for Industrial Democracy and professed common objectives with this activist socialist group (see page 49). The Baltimore & Ohio Railroad (Willard's employer) was active in the development of Russia during the 1920s. Westinghouse in 1920, the year United Americans was founded, was operating a plant in Russia that had been exempted from nationalization. And the role of Guaranty Trust has already been minutely described.

UNITED AMERICANS REVEALS "STARTLING DISCLOSURES" ON REDS

In March 1920 the *New York Times* headlined an extensive, detailed scare story about Red invasion of the United States within two years, an invasion which was to be financed by $20 million of Soviet funds "obtained by the murder and robbery of the Russian nobility."[2]

United Americans had, it was revealed, made a survey of "radical activities" in the United States, and had done so in its role as an organization formed to "preserve the Constitution of the United States with the representative form of government and the right of individual possession which the Constitution provides."

Further, the survey, it was proclaimed, had the backing of the executive board, "including Otto H. Kahn, Allen Walker of the Guaranty Trust Company, Daniel Willard," and others. The survey asserted that

> the radical leaders are confident of effecting a revolution within two years, that the start is to be made in New York City with a general strike, that Red leaders have predicted much bloodshed and that the Russian Soviet Government has contributed $20,000,000 to the American radical movement.

The Soviet gold shipments to Guaranty Trust in mid-1920 (540 boxes of three poods each) were worth roughly $15,000,000 (at $20 a troy ounce), and other gold shipments through Robert Dollar and Olof Aschberg brought the total very close to $20 million. The information about Soviet gold for the radical movement was called "thoroughly reliable" and was "being turned over to the Government." The Reds, it was asserted, planned to starve New York into submission within four days:

> Meanwhile the Reds count on a financial panic within the next few weeks to help their cause along. A panic would cause distress among the workingmen and thus render them more susceptible to revolution doctrine.

The United Americans' report grossly overstated the number of radicals in the United States, at first tossing around figures like two or five million and then settling for precisely 3,465,000 members in four radical organizations. The report concluded by emphasizing the possibility of bloodshed and quoted "Skaczewski, President of the International Publishing Association, otherwise the Communist Party, [who] boasted that.the time was coming soon

when the Communists would destroy utterly the present form of society."

In brief, United Americans published a report without substantiating evidence, designed to scare the man in the street into panic: The significant point of course is that this is the same group that was responsible for protecting and subsidizing, indeed assisting, the Soviets so they could undertake these same plans.

CONCLUSIONS CONCERNING UNITED AMERICANS

Is this a case of the right hand not knowing what the left hand was doing? Probably not. We are talking about heads of companies, eminently successful companies at that. So United Americans was probably a ruse to divert public — and official — attention from the subterranean efforts being made to gain entry to the Russian market.

United Americans is the only documented example known to this writer of an organization assisting the Soviet regime and also in the forefront of opposition to the Soviets. This is by no means an inconsistent course of action, and further research should at least focus on the following aspects:

> (a) Are there other examples of double-dealing by influential groups generally known as the establishment?
>
> (b) Can these examples be extended into other areas? For example, is there evidence that labor troubles have been instigated by these groups?
>
> (c) What is the ultimate purpose of these pincer tactics? Can they be related to the Marxian axiom: thesis versus antithesis yields synthesis? It is a puzzle why the Marxist movement would attack capitalism head-on if its objective was a Communist world and if it truly accepted the dialectic. If the objective is a Communist world — that is, if communism is the desired synthesis — and capitalism is the thesis, then something apart from capitalism or communism has to be antithesis. Could therefore capitalism be the thesis and communism the antithesis, with the objective of the revolutionary groups and their backers being a synthesizing of these two systems into some world system yet undescribed?

MORGAN AND ROCKEFELLER AID KOLCHAK

Concurrently with these efforts to aid the Soviet Bureau and United Americans, the J.P. Morgan firm, which controlled Guaranty Trust, was providing financial assistance for one of the Bolshevik's primary opponents, Admiral Aleksandr Kolchak in Siberia. On June 23, 1919, Congressman Mason introduced House Resolution 132 instructing the State Department "to make inquiry as to all and singular as to the truth of . . . press reports" charging that Russian bondholders had used their influence to bring about the "retention of American troops in Russia" in order to ensure continued payment of interest on Russian bonds. According to a file memorandum by Basil Miles, an associate of William F. Sands, Congressman Mason charged that certain banks were attempting to secure recognition of Admiral Kolchak in Siberia to get payment on former Russian bonds.

Then in August 1919 the secretary of state, Robert Lansing, received from the Rockefeller-influenced National City Bank of New York a letter requesting official comment on a proposed loan of $5 million to Admiral Kolchak; and from J.P. Morgan & Co. and other bankers another letter requesting the views of the department concerning an additional proposed £10 million sterling loan to Kolchak by a consortium of British and American bankers.[3]

Secretary Lansing informed the bankers that the U.S. had not recognized Kolchak and, although prepared to render him assistance, "the Department did not feel

Chapter XI

THE ALLIANCE OF BANKERS AND REVOLUTION

The name Rockefeller does not connote a revolutionary, and my life situation has fostered a careful and cautious attitude that verges on conservatism. I am not given to errant causes...

John D. Rockefeller III, The Second American Revolution *(New York: Harper & Row. 1973)*

THE EVIDENCE PRESENTED: A SYNOPSIS

Evidence already published by George Katkov, Stefan Possony, and Michael Futrell has established that the return to Russia of Lenin and his party of exiled Bolsheviks, followed a few weeks later by a party of Mensheviks, was financed and organized by the German government.[1] The necessary funds were transferred in part through the Nya Banken in Stockholm, owned by Olof Aschberg, and the dual German objectives were: (a) removal of Russia from the war, and (b) control of the postwar Russian market.[2]

We have now gone beyond this evidence to establish a continuing working relationship between Bolshevik banker Olof Aschberg and the Morgan-controlled Guaranty Trust Company in New York before, during, and after the Russian Revolution. In tsarist times Aschberg was the Morgan agent in Russia and negotiator for Russian loans in the United States; during 1917 Aschberg was financial intermediary for the revolutionaries; and after the revolution Aschberg became head of Ruskombank, the first Soviet international bank, while Max May, a vice president of the Morgan-controlled Guaranty Trust, became director and chief of the Ruskom-bank foreign department. We have presented documentary evidence of a continuing working relationship between the Guaranty Trust Company and the Bolsheviks. The directors of Guaranty Trust in 1917 are listed in Appendix 1.

Moreover, there is evidence of transfers of funds from Wall Street bankers to international revolutionary activities. For example, there is the statement (substantiated by a cablegram) by William Boyce Thompson — a director of the Federal Reserve Bank of New York, a large stockholder in the Rockefeller-controlled Chase Bank, and a financial associate of the Guggenheims and the Morgans — that he (Thompson) contributed $1 million to the Bolshevik Revolution for propaganda purposes. Another example is John Reed, the American member of the Third International executive committee who was financed and supported by Eugene Boissevain, a private New York banker, and who was employed by Harry Payne Whitney's *Metropolitan* magazine. Whitney was at that time a director of Guaranty Trust. We also established that Ludwig Martens, the first Soviet "ambassador" to the United States, was (according to British Intelligence chief Sir Basil Thompson) backed by funds from Guaranty Trust Company. In tracing Trotsky's funding in the U.S. we arrived at German sources, yet to be identified, in New York. And though we do not know the precise German sources of Trotsky's funds, we *do* know that Von Pavenstedt, the chief German espionage paymaster in the U.S., was also senior partner of Amsinck & Co. Amsinck was owned by the ever-present American International Corporation — also

controlled by the J.P. Morgan firm.

Further, Wall Street firms including Guaranty Trust were involved with Carranza's and Villa's wartime revolutionary activities in Mexico. We also identified documentary evidence concerning. a Wall Street syndicate's financing of the 1912 Sun Yat-sen revolution in China, a revolution that is today hailed by the Chinese Communists as the precursor of Mao's revolution in China. Charles B. Hill, New York attorney negotiating with Sun Yat-sen in behalf of this syndicate, was a director of three Westinghouse subsidiaries, and we have found that Charles R. Crane of Westinghouse in Russia was involved in the Russian Revolution.

Quite apart from finance, we identified other, and possibly more significant, evidence of Wall Street involvement in the Bolshevik cause. The American Red Cross Mission to Russia was a private venture of William B. Thompson, who publicly proffered partisan support to the Bolsheviks. British War Cabinet papers now available record that British policy was diverted towards the Lenin-Trotsky regime by the personal intervention of Thompson with Lloyd George in December 1917. We have reproduced statements by director Thompson and deputy chairman William Lawrence Saunders, both of the Federal Reserve Bank of New York, strongly favoring the Bolshevists. John Reed not only was financed from Wall Street, but had consistent support for his activities, even to the extent of intervention with the State Department from William Franklin Sands, executive secretary of American International Corporation. In the sedition case of Robert Minor there are strong indications and some circumstantial evidence that Colonel Edward House intervened to have Minor released. The significance of the Minor case is that William B. Thompson's program for Bolshevik revolution in Germany was the very program Minor was implementing when arrested in Germany.

Some international agents, for example Alexander Gumberg, worked for Wall Street *and* the Bolsheviks. In 1917 Gumberg was the representative of a U.S. firm in Petrograd, worked for Thompson's American Red Cross Mission, became chief Bolshevik agent in Scandinavia until he was deported from Norway, then became confidential assistant to Reeve Schley of Chase Bank in New York and later to Floyd Odium of Atlas Corporation.

This activity in behalf of the Bolsheviks originated in large part from a single address: 120 Broadway, New York City. The evidence for this observation is outlined but no conclusive reason is given for the unusual concentration of activity at a single address, except to state that it appears to be the foreign counterpart of Carroll Quigley's claim that J.P. Morgan infiltrated the domestic left. Morgan also infiltrated the international left.

The Federal Reserve Bank of New York was at 120 Broadway. The vehicle for this pro-Bolshevik activity was American International Corporation — at 120 Broadway. AIC views on the Bolshevik regime were requested by Secretary of State Robert Lansing only a few weeks after the revolution began, and Sands, executive secretary of AIC, could barely restrain his enthusiasm for the Bolshevik cause. Ludwig Martens, the Soviet's first ambassador, had been vice president of Weinberg & Posner, which was also located at 120-Broadway. Guaranty Trust Company was next door at 140 Broadway but Guaranty Securities Co. was at 120 Broadway. In 1917 Hunt, Hill & Betts was at 120 Broadway, and Charles B. Hill of this firm was the negotiator in the Sun Yat-sen dealings. John MacGregor Grant Co., which was financed by Olof Aschberg in Sweden and Guaranty Trust in the United States, and which was on the Military Intelligence black list, was at 120 Broadway. The Guggenheims and the executive heart of General Electric (also interested in American

International) were at 120 Broadway. We find it therefore hardly surprising that the Bankers Club was also at 120 Broadway, on the top floor (the thirty-fourth).

It is significant that support for the Bolsheviks did not cease with consolidation of the revolution; therefore, this support cannot be wholly explained in terms of the war with Germany. The American-Russian syndicate formed in 1918 to obtain concessions in Russia was backed by the White, Guggenheim, and Sinclair interests. Directors of companies controlled by these three financiers included Thomas W. Lamont (Guaranty Trust), William Boyce Thompson (Federal Reserve Bank), and John Reed's employer Harry Payne Whitney (Guaranty Trust). This strongly suggests that the syndicate was formed to cash in on earlier support for the Bolshevik cause in the revolutionary period. And then we found that Guaranty Trust financially backed the Soviet Bureau in New York in 1919.

The first really concrete signal that previous political and financial support was paying off came in 1923 when the Soviets formed their first international bank, Ruskombank. Morgan associate Olof Aschberg became nominal head of this Soviet bank; Max May, a vice president of Guaranty Trust, became a director of Ruskom-bank, and the Ruskombank promptly appointed Guaranty Trust Company its U.S. agent.

THE EXPLANATION FOR THE UNHOLY ALLIANCE

What motive explains this coalition of capitalists and Bolsheviks?

Russia was then — and is today — the largest untapped market in the world. Moreover, Russia, then and now, constituted the greatest potential competitive threat to American industrial and financial supremacy. (A glance at a world map is sufficient to spotlight the geographical difference between the vast land mass of Russia and the smaller United States.) Wall Street must have cold shivers when it visualizes Russia as a second super American industrial giant.

But why allow Russia to become a competitor and a challenge to U.S. supremacy? In the late nineteenth century, Morgan/Rockefeller, and Guggenheim had demonstrated their monopolistic proclivities. In *Railroads and Regulation 1877-1916* Gabriel Kolko has demonstrated how the railroad owners, not the farmers, wanted state control of railroads in order to preserve their monopoly and abolish competition. So the simplest explanation of our evidence is that a syndicate of Wall Street financiers enlarged their monopoly ambitions and broadened horizons on a global scale. *The gigantic Russian market was to be converted into a captive market and a technical colony to be exploited by a few high-powered American financiers and the corporations under their control.* What the Interstate Commerce Commission and the Federal Trade Commission under the thumb of American industry could achieve for that industry at home, a planned socialist government could achieve for it abroad — given suitable support and inducements from Wall Street and Washington, D.C.

Finally, lest this explanation seem too radical, remember that it was Trotsky who appointed tsarist generals to consolidate the Red Army; that it was Trotsky who appealed for American officers to control revolutionary Russia and intervene in behalf of the Soviets; that it was Trotsky who squashed first the libertarian element in the Russian Revolution and then the workers and peasants; and that recorded history *totally* ignores the 700,000-man

Green Army composed of ex-Bolsheviks, angered at betrayal of the revolution, who fought the Whites *and* the Reds. In other words, we are suggesting that the Bolshevik Revolution was an alliance of statists: statist revolutionaries and statist financiers aligne

Appendix I

DIRECTORS OF MAJOR BANKS,
FIRMS, AND INSTITUTIONS
MENTIONED IN THIS BOOK
(AS IN 1917-1918)

AMERICAN INTERNATIONAL CORPORATION (120 Broadway)

J. Ogden Armour	Percy A. Rockefeller
G. J. Baldwin	John D. Ryan
C. A. Coffin	W.L. Saunders
W. E. Corey	J.A. Stillman
Robert Dollar	C.A. Stone
Pierre S. du Pont	T.N. Vail
Philip A. S. Franklin	F.A. Vanderlip
J. P. Grace	E.S. Webster
R. F. Herrick	A.H. Wiggin
Otto H. Kahn	Beckman Winthrop
H. W. Pritchett	William Woodward

CHASE NATIONAL BANK

J. N. Hill	Newcomb Carlton
A. B. Hepburn	D.C. Jackling
S. H. Miller	E.R. Tinker
C. M. Schwab	A.H. Wiggin
H. Bendicott	John J. Mitchell

Guy E. Tripp

EQUITABLE TRUST COMPANY (37-43 Wall Street)

Charles B. Alexander	Henry E. Huntington
Albert B. Boardman	Edward T. Jeffrey
Robert.C. Clowry	Otto H. Kahn
Howard E. Cole	Alvin W. Krech
Henry E. Cooper	James W. Lane
Paul D. Cravath	Hunter S. Marston
Franklin Wm. Cutcheon	Charles G. Meyer
Bertram Cutler	George Welwood Murray

Thomas de Witt Cuyler	Henry H. Pierce
Frederick W. Fuller	Winslow S. Pierce
Robert Goelet	Lyman Rhoades
Carl R. Gray	Walter C. Teagle
Charles Hayden	Henry Rogers Winthrop

Bertram G. Work

FEDERAL ADVISORY COUNCIL (1916)

- Daniel G. Wing, Boston, District No. 1
- J. P. Morgan, New York, District No. 2
- Levi L. Rue, Philadelphia, District No. 3
- W. S. Rowe, Cincinnati, District No. 4
- J. W. Norwood, Greenville, S.C., District No. 5
- C. A. Lyerly, Chattanooga, District No. 6
- J. B. Forgan, Chicago, Pres., District No. 7
- Frank O. Watts, St. Louis, District No. 8
- C. T. Jaffray, Minneapolis, District No. 9
- E. F. Swinney, Kansas City, District No. 10
- T. J. Record, Paris, District No. 11
- Herbert Fleishhacker, San Francisco, District No. 12

FEDERAL RESERVE BANK OF NEW YORK (120 Broadway)

William Woodward (1917) Robert H. Treman (1918) Franklin D. Locke (1919)	Class A
Charles A. Stone (1920) Wm. B. Thompson (1918) L. R. Palmer (1919)	Class B
Pierre Jay (1917) George F. Peabody (1919) William Lawrence Saunders (1920)	Class C

FEDERAL RESERVE BOARD

William G. M'Adoo	Adolph C. Miller (1924)

Charles S. Hamlin (1916)	Frederic A. Delano (1920)
Paul M. Warburg (1918)	W.P.G. Harding (1922)

John Skelton Williams

GUARANTY TRUST COMPANY (140 Broadway)

Alexander J. Hemphill
(Chairman)

Charles H. Allen	Edgar L. Marston
A. C. Bedford	Grayson M-P Murphy
Edward J. Berwind	Charles A. Peabody
W. Murray Crane	William C. Potter
T. de Witt Cuyler	John S. Runnells
James B. Duke	Thomas F. Ryan
Caleb C. Dula	Charles H. Sabin
Robert W. Goelet	John W. Spoor
Daniel Guggenheim	Albert Straus
W. Averell Harriman	Harry P. Whitney
Albert H. Harris	Thomas E. Wilson
Walter D. Hines	*London Committee:*
Augustus D. Julliard	Arthur J. Fraser (Chairman)
Thomas W. Lamont	Cecil F. Parr
William C. Lane	Robert Callander

NATIONAL CITY BANK

P. A. S. Franklin	P.A. Rockefeller
J.P. Grace	James Stillman
G. H. Dodge	W. Rockefeller
H. A. C. Taylor	J. O. Armour
R. S. Lovett	J.W. Sterling
F. A. Vanderlip	J.A. Stillman
G. H. Miniken	M.T. Pyne
E. P. Swenson	E.D. Bapst
Frank Trumbull	J.H. Post
Edgar Palmer	W.C. Procter

NATIONALBANK FÜR DEUTSCHLAND

(As in 1914, Hjalmar Schacht joined board in 1918)

Emil Wittenberg	Hans Winterfeldt
Hjalmar Schacht	Th Marba
Martin Schiff	Paul Koch

Franz Rintelen

SINCLAIR CONSOLIDATED OIL CORPORATION (120 Broadway)

Harry F. Sinclair	James N. Wallace
H. P. Whitney	Edward H. Clark
Wm. E. Corey	Daniel C. Jackling
Wm. B. Thompson	Albert H. Wiggin

J. G. WHITE ENGINEERING CORPORATION

James Brown	C.E. Bailey
Douglas Campbell	J.G. White
G. C. Clark, Jr.	Gano Dunn
Bayard Dominick, Jr.	E.G. Williams
A. G. Hodenpyl	A.S. Crane
T. W. Lamont	H.A. Lardner
Marion McMillan	G.H. Kinniat
J. H. Pardee	A.F. Kountz
G. H. Walbridge	R.B. Marchant
E. N. Chilson	Henry Parsons

A. N. Connett

BACK

Appendix II

THE JEWISH-CONSPIRACY THEORY OF THE BOLSHEVIK REVOLUTION

There is an extensive literature in English, French, and German reflecting the argument that the Bolshevik Revolution was the result of a "Jewish conspiracy"; more specifically, a conspiracy by Jewish world bankers. Generally, world control is seen as the ultimate objective; the Bolshevik Revolution was but one phase of a wider program that supposedly reflects an age-old religious struggle between Christianity and the "forces of darkness."

The argument and its variants can be found in the most surprising places and from quite surprising persons. In February 1920 Winston Churchill wrote an article — rarely cited today — for the *London Illustrated Sunday Herald* entitled *"Zionism* Versus Bolshevism." In this' article Churchill concluded that it was "particularly important... that the National Jews in every country who are loyal to the land of their adoption should come forward on every occasion . . . and take a prominent part in every measure for combatting the Bolshevik conspiracy." Churchill draws a line between "national Jews" and what he calls "international Jews." He argues that the "international and for the most atheistical Jews" certainly had a "very great" role in the creation of Bolshevism and bringing about the Russian Revolution. He asserts (contrary to fact) that with the exception of Lenin, "the majority" of the leading figures in the revolution were Jewish, and adds (also contrary to fact) that in many cases Jewish interests and Jewish places of worship were excepted by the Bolsheviks from their policies of seizure. Churchill calls the international Jews a "sinister confederacy" emergent from the persecuted populations of countries where Jews have been persecuted on account of their race. Winston Churchill traces this movement back to Spartacus-Weishaupt, throws his literary net around Trotsky, Bela Kun, Rosa Luxemburg, and Emma Goldman, and charges: "This world-wide conspiracy for the overthrow of civilisation and for the reconstitution of society on the basis of arrested development, of envious malevolence, and impossible equality, has been steadily growing."

Churchill then argues that this conspiratorial Spartacus-Weishaupt group has been the mainspring of every subversive movement in the nineteenth century. While pointing out that Zionism and Bolshevism are competing for the soul of the Jewish people, Churchill (in 1920) was preoccupied with the role of the Jew in the Bolshevik Revolution and the existence of a worldwide Jewish conspiracy.

Another well-known author in the 1920s, Henry Wickham Steed describes in the second volume of his *Through 30 Years 1892-1922* (p. 302) how he attempted to bring the Jewish-conspiracy concept to the attention of Colonel Edward M. House and President Woodrow Wilson. One day in March 1919 Wickham Steed called Colonel House and found him disturbed over Steed's recent criticism of U.S. recognition of the Bolsheviks. Steed pointed out to House that Wilson would be discredited among the many peoples and nations of Europe and "insisted that, unknown to him, the prime movers were Jacob Schiff, Warburg and other international financiers, who wished above all to bolster up the Jewish Bolshevists in order to secure a field for German and Jewish exploitation of Russia."[1] According to Steed, Colonel House argued for the establishment of economic relations with the Soviet Union.

Probably the most superficially damning collection of documents on the Jewish conspiracy is in the State Department Decimal File (861.00/5339). The central document is one entitled "Bolshevism and Judaism," dated November 13, 1918. The text is in the form of a report, which states that the revolution in Russia was engineered "in February 1916" and "it was found that the following persons and firms were engaged in this destructive work":

(1) Jacob Schiff		Jew
(2) Kuhn, Loeb & Company		Jewish Firm
Management:	Jacob Schiff	Jew
	Felix Warburg	Jew
	Otto H. Kahn	Jew
	Mortimer L. Schiff	Jew
	Jerome J. Hanauer	Jew
(3) Guggenheim		Jew
(4) Max Breitung		Jew
(5) Isaac Seligman		Jew

The report goes on to assert that there can be no doubt that the Russian Revolution was started and engineered by this group and that in April 1917

> Jacob Schiff in fact made a public announcement and it was due to his financial influence that the Russian revolution was successfully accomplished and in the Spring 1917 Jacob Schitf started to finance Trotsky, a Jew, for the purpose of accomplishing a social revolution in Russia.

The report contains other miscellaneous information about Max Warburg's financing of Trotsky, the role of the Rheinish-Westphalian syndicate and Olof Aschberg of the Nya Banken (Stockholm) together with Jivotovsky. The anonymous author (actually employed by the U.S. War Trade Board)[2] states that the links between these organizations and their financing of the Bolshevik Revolution show how "the link between Jewish multi-millionaires and Jewish proletarians was forged." The report goes on to list a large number of Bolsheviks who were also Jews and then describes the actions of Paul Warburg, Judus Magnes, Kuhn, Loeb & Company, and Speyer & Company.

The report ends with a barb at "International Jewry" and places the argument into the context of a Christian-Jewish conflict backed up by quotations from the Protocols of Zion. Accompanying this report is a series of cables between the State Department in Washington and the American embassy in London concerning the steps to be taken with these documents:[3]

> 5399 Great Britain, TEL. 3253 i pm
>
> October 16, 1919 In Confidential File
> Secret for Winslow from Wright. Financial aid to Bolshevism & Bolshevik Revolution in Russia from prominent Am. Jews: Jacob Schiff, Felix Warburg, Otto Kahn, Mendell Schiff, Jerome Hanauer, Max Breitung & one of the Guggenheims. Document re- in possession of Brit. police authorities from French sources. Asks for any facts re-.

* * * * *

> Oct. 17 Great Britain TEL. 6084, noon r c-h 5399 Very secret. Wright from Winslow. Financial aid to Bolshevik revolution in Russia from prominent Am. Jews. No proof re- but investigating. Asks to urge Brit. authorities to suspend publication at least until receipt of document by Dept.

* * * * *

> Nov. 28 Great Britain TEL. 6223 R 5 pro. 5399
> FOR WRIGHT. Document re financial aid to Bolsheviki by prominent American jews. Reports — identified as French translation of a statement originally prepared in English by Russian citizen in Am. etc. Seem most unwise to give — the distinction of publicity.

It was agreed to suppress this material and the files conclude, "I think we have the whole thing in cold storage."

Another document marked "Most Secret" is included with this batch of material. The provenance of the document is unknown; it is perhaps FBI or military intelligence. It reviews a translation of the Protocols of the Meetings of the Wise Men of Zion, and concludes:

> In this connection a letter was sent to Mr. W. enclosing a memorandum from us with regard to certain information from the American Military Attache to the effect that the British authorities had letters intercepted from various groups of international Jews setting out a scheme for world dominion. Copies of this material will be very useful to us.

This information was apparently developed and a later British intelligence report makes the flat accusation:

> SUMMARY: There is now definite evidence that Bolshevism is an international movement controlled by Jews; communications are passing between the leaders in America, France, Russia and England with a view to concerted action....[4]

However, none of the above statements can be supported with hard empirical evidence. The most significant information is contained in the paragraph to the effect that the British authorities possessed "letters intercepted from various groups of international Jews setting out a scheme for world dominion." If indeed such letters exist, then they would provide support (or nonsupport) for a presently unsubstantiated hypothesis: to wit, that the Bolshevik Revolution and other revolutions are the work of a worldwide Jewish conspiracy.

Moveover, when statements and assertions are not supported by hard evidence and where attempts to unearth hard evidence lead in a circle back to the starting point — particularly when everyone is quoting everyone else — then we must reject the story as spurious. *There is no concrete evidence that Jews were involved in the Bolshevik Revolution because they were Jewish.* There may indeed have been a higher proportion of Jews involved, but given tsarist treatment of Jews, what else would we expect? There were probably many

Englishmen or persons of English origin in the American Revolution fighting the redcoats. So what? Does that make the American Revolution an English conspiracy? Winston Churchill's statement that Jews had a "very great role" in the Bolshevik Revolution is supported only by distorted evidence. The list of Jews involved in the Bolshevik Revolution must be weighed against lists of non-Jews involved in the revolution. When this scientific procedure is adopted, the proportion of foreign Jewish Bolsheviks involved falls to less than twenty percent of the total number of revolutionaries — and these Jews were mostly deported, murdered, or sent to Siberia in the following years. Modern Russia has in fact maintained tsarist anti-Semitism.

It is significant that documents in the State Department files confirm that the investment banker Jacob Schiff, often cited as a source of funds for the Bolshevik Revolution, was in fact *against* support of the Bolshevik regime.[5] This position, as we shall see, was in direct contrast to the Morgan-Rockefeller promotion of the Bolsheviks.

The persistence with which the Jewish-conspiracy myth has been pushed suggests that it may well be a deliberate device to divert attention from the real issues and the real causes. The evidence provided in this book suggests that the New York bankers who were also Jewish had relatively minor roles in supporting the Bolsheviks, while the New York bankers who were also Gentiles (Morgan, Rockefeller, Thompson) had major roles.

What better way to divert attention from the *real* operators than by the medieval bogeyman of anti-Semitism?

Footnotes:

[1]See Appendix 3 for Schiff's actual role.

[2]The anonymous author was a Russian employed by the U.S. War Trade Board. One of the three directors of the U.S. War Trade Board at this time was John Foster Dulles.

[3]U.S. State Dept. Decimal File, 861.00/5399.

[4]Great Britain, Directorate of Intelligence, *A Monthly Review of the Progress of Revolutionary Movements Abroad*, no. 9, July 16, 1913 (861.99/5067).

[5]See Appendix 3.

BACK

Appendix III

SELECTED DOCUMENTS FROM
GOVERNMENT FILES OF THE
UNITED STATES AND GREAT BRITAIN

Note: Some documents comprise several papers that form a related group.

DOCUMENT NO. 1 Cable from Ambassador Francis in Petrograd to U.S. State Department and related letter from Secretary of State Robert Lansing to President Woodrow Wilson (March 17, 1917)

DOCUMENT NO. 2 British Foreign Office document (October 1917) claiming Kerensky was in the pay of the German government and aiding the Bolsheviks

DOCUMENT NO. 3 Jacob Schiff of Kuhn, Loeb & Company and his position on the Kerensky and Bolshevik regimes (November 1918)

DOCUMENT NO. 4 Memorandum from William Boyce Thompson, director of the Federal Reserve Bank of New York, to the British prime minister David Lloyd George (December 1917)

DOCUMENT NO. 5 Letter from Felix Frankfurter to Soviet agent Santeri Nuorteva (May 9, 1918)

DOCUMENT NO. 6 Personnel of the Soviet Bureau, New York, 1920; list from the New York State Lusk Committee files

DOCUMENT NO. 7 Letter from National City Bank to the U.S. Treasury referring to Ludwig Martens and Dr. Julius Hammer (April 15, 1919)

DOCUMENT NO. 8 Letter from Soviet agent William (Bill) Bobroff to Kenneth Durant (August 3, 1920)

DOCUMENT NO. 9 Memo referring to a member of the J. P. Morgan firm and the British director of propaganda Lord Northcliffe (April 13, 1918)

DOCUMENT NO. 10 State Department Memo (May 29, 1922) regarding General Electric Co.

DOCUMENT NO. 1

Cable from Ambassador Francis in Petrograd to the Department of State in Washington, D.C., dated March 14, 1917, and reporting the first stage of the Russian Revolution (861.00/273).

Petrograd
Dated March 14, 1917,
Recd. 15th, 2:30 a.m.

Secretary of State,
Washington

1287. Unable to send a cablegram since the eleventh. Revolutionists have absolute control in Petrograd and are making strenuous efforts to preserve order, which successful except in rare instances. No cablegrams since your 1251 of the ninth, received March eleventh. Provisional government organized under the authority of the Douma which refused to obey the Emperor's order of the adjournment. Rodzianko, president of the Douma, issuing orders over his own signature. Ministry reported to have resigned. Ministers found are taken before the Douma, also many Russian officers and other high officials. Most if not all regiments ordered to Petrograd have joined the revolutionists after arrival. American colony safe. No knowledge of any injuries to American citizens.

FRANCIS,
American Ambassador

On receipt of the preceding cable, Robert Lansing, Secretary of State, made its contents available to President Wilson (861.00/273):

PERSONAL AND CONFIDENTIAL

My Dear Mr. President:

I enclose to you a very important cablegram which has just come from Petrograd, and also a clipping from the New York WORLD of this morning, in which a statement is made by Signor Scialoia, Minister without portfolio in the Italian Cabinet, which is significant in view of Mr. Francis' report. My own impression is that the Allies know of this matter and I presume are favorable to the revolutionists since the Court party has been, throughout the war, secretely pro-German.

Faithfully yours,
ROBERT LANSING

Enclosure:
The President,
The White House

COMMENT

The significant phrase in the Lansing-Wilson letter is "My own impression is that the Allies know of this matter and I presume are favorable to the revolutionists since the Court party has been, throughout the war, secretely pro-German." It will be recalled (chapter two) that Ambassador Dodd claimed that Charles R. Crane, of Westinghouse and of Crane Co. in New York and an adviser to President Wilson, was involved in this first revolution.

DOCUMENT NO. 2

Memorandum from Great Britain Foreign Office file FO 371/ 2999 (The War — Russia), October 23, 1917, file no. 3743.

DOCUMENT

Personal (and) Secret.

Disquieting rumors have reached us from more than one source that Kerensky is m German pay and that he and his government are doing their utmost to weaken (and) disorganize Russia, so as to arrive at a situation when no other course but a separate peace would be possible. Do you consider that there is any ground for such insinuations, and that the government by refraining from any effective action are purposely allowing the Bolshevist elements to grow stronger?

If it should be a question of bribery we might be able to compete successfully if it were known how and through what agents it could be done, although it is not a pleasant thought.

COMMENT

Refers to information that Kerensky was in German pay.

DOCUMENT NO. 3

Consists of four parts:

(a) Cable from Ambassador Francis, April 27, 1917, in Petrograd to Washington, D.C., requesting transmission of a message from prominent Russian Jewish bankers to prominent Jewish bankers in New York and requesting their subscription to the Kerensky Liberty Loan (861.51/139).

(b) Reply from Louis Marshall (May 10, 1917) representing American Jews; he declined the invitation while expressing support for the American Liberty Loan (861.51/143).

(c) Letter from Jacob Schiff of Kuhn, Loeb (November 25, 1918) to State Department (Mr. Polk) relaying a message from Russian Jewish banker Kamenka calling for Allied help *against* the Bolsheviks ("because Bolshevist government does not represent Russian People").

(d) Cable from Kamenka relayed by Jacob Schiff.

DOCUMENTS

(a) Secretary of State

Washington.
1229, twenty-seventh.

Please deliver following to Jacob Schiff, Judge Brandies [*sic*], Professor Gottheil, Oscar Strauss *[sic],* Rabbi Wise, Louis Marshall and Morgenthau:

"We Russian Jews always believed that liberation of Russia meant also our liberation. Being deeply devoted to country we placed implicit trust temporary Government. We know the unlimited economic power of Russia and her immense natural resources and the emancipation we obtained will enable us to participate development country. We firmly believe that victorious finish of the war owing help our allies and United States is near.

Temporary Government issuing now new public loan of freedom and we feel our national duty support loan high vital for war and freedom. We are sure that Russia has an unshakeable power of public credit and will easily bear a.11 necessary financial burden. We formed special committee of Russian Jews for supporting loan consisting representatives financial, industrial trading circles and leading public men.

We inform you here of and request our brethern beyong [*sic*] the seas to support freedom of Russian which became now case humanity and world's civilization. We suggest you form there special committee and let us know of steps you may take Jewish committee support success loan of freedom. Boris Kamenka, Chairman, Baron Alexander Gunzburg, Henry Silosberg."

FRANCIS

* * * * *

(b) Dear Mr. Secretary:

After reporting to our associates the result of the interview which you kindly granted to Mr. Morgenthau, Mr. Straus and myself, in regard to the advisability of calling for subscriptions to the Russian Freedom Loan as requested in the cablegram of Baron Gunzburg and Messrs. Kamenka and Silosberg of Petrograd, which you recently communicated to us, we have concluded to act strictly upon your advice. Several days ago we promised our friends at Petrograd an early reply to their call for aid. We would therefore greatly appreciate the forwarding of the following cablegram, provided its terms have your approval:

> "Boris Kamenka,
> Don Azov Bank, Petrograd.
>
> Our State Department which we have consulted regards any present attempt toward securing public subscriptions here for any foreign loans inadvisable; the concentration of all efforts for the success of American war loans being essential, thereby enabling our Government to supply funds to its allies at lower interest rates than otherwise possible. Our energies to help the Russian cause most effectively must therefore necessarily be directed to encouraging subscriptions to American Liberty Loan. Schiff, Marshall, Straus, Morgenthau, Wise, Gonheil."

You are of course at liberty to make any changes in the phraseology of this suggested cablegram which you may deem desirable and which will indicate that our failure to respond directly to the request that has come to us is due to our anxiety to make our activities most efficient.

May I ask you to send me a copy of the cablegram as forwarded, with a memorandum of the cost so that the Department may be promptly reimbursed.

I am, with great respect,
Faithfully yours,
[sgd.] Louis Marshall

The Secretary of State
Washington, D.C.

* * * * *

(c) Dear Mr. Polk:

Will you permit me to send you copy of a cablegram received this morning and which I think, for regularity's sake, should be brought to the notice of the Secretary of State or your good self, for such consideration as it might be thought well to give this.

Mr. Kamenka, the sender of this cablegram, is one of the leading men in Russia and has, I am informed, been financial advisor both of the Prince Lvoff government and of the Kerensky government. He is President of the Banque de Commerce de l'Azov Don of Petrograd, one of the most important financial institutions of Russia, but had, likely, to leave Russia with the advent of Lenin and his "comrades."

Let me take this opportunity to send sincere greetings to you and Mrs. Polk and to express the hope that you are now in perfect shape again, and that Mrs. Polk and the children are in good health.

Faithfully yours,
[sgd.] Jacob H. Schiff

Hon. Frank L. Polk
Counsellor of the State Dept.
Washington, D.C.

MM-Encl.

[Dated November 25, 1918]

* * * * *

(d) Translation:

The complete triumph of liberty and right furnishes me a new opportunity to repeat to you my profound admiration for the noble American nation. Hope to see now quick progress on

the part of the Allies to help Russia in reestablishing order. Call your attention also to pressing necessity of replacing in Ukraine enemy troops at the very moment of their retirement in order to avoid Bolshevist devastation. Friendly intervention of Allies would be greeted everywhere with enthusiasm and looked upon as democratic action, because Bolshevist government does not represent Russian people. Wrote you September 19th. Cordial greetings.

[sgd.] Kamenka

COMMENT

This is an important series because it refutes the story of a Jewish bank conspiracy behind the Bolshevik Revolution. Clearly Jacob Schiff of Kuhn, Loeb was not interested in supporting the Kerensky Liberty Loan and Schiff went to the trouble of drawing State Department attention to Kamenka's pleas for Allied intervention against the Bolsheviks. Obviously Schiff and fellow banker Kamenka, unlike J.P. Morgan and John D. Rockefeller, were as unhappy about the Bolsheviks as they had been about the tsars.

DOCUMENT NO. 4

Description

Memorandum from William Boyce Thompson (director of the Federal Reserve Bank of New York) to Lloyd George (prime minister of Great Britain), December 1917.

DOCUMENT

FIRST

The Russian situation is lost and Russia lies entirely open to unopposed German exploitation unless a radical reversal of policy is at once undertaken by the Allies.

SECOND

Because of their shortsighted diplomacy, the Allies since the Revolution have accomplished nothing beneficial, and have done considerable harm to their own interests.

THIRD

The Allied representatives in Petrograd have been lacking in sympathetic understanding of the desire of the Russian people to attain democracy. Our representatives were first connected officially with the Czar's regime. Naturally they have been influenced by that environment.

FOURTH

Meanwhile, on the other hand, the Germans have conducted propaganda that has

undoubtedly aided them materially in destroying the Government, in wrecking the army and in destroying trade and industry. If this continues unopposed it may result in the complete exploitation of the great country by Germany against the Allies.

FIFTH

I base my opinion upon a careful and intimate study of the situation both outside and inside official circles, during my stay in Petrograd between August 7 and November 29, 1917.

SIXTH

"What can be done to improve the situation of the Allies in Russia"?

The diplomatic personnel, both British and American, should be changed to one democratic in spirit and capable of sustaining democratic sympathy.

There should be erected a powerful, unofficial committee, with headquarters in Petrograd, to operate in the background, so to speak, the influence of which in matters of policy should be recognized and accepted by the DIPLOMATIC, CONSULAR and MILITARY officials of the Allies. Such committee should be so composed in personnel as to make it possible to entrust to it wide discretionary powers. It would presumably undertake work in various channels. The nature of which will become obvious as the task progress. es; it. would aim to meet all new conditions as they might arise.

SEVENTH

It is impossible now to define at all completely the scope of this new Allied committee. I can perhaps assist to a better understanding of its possible usefulness and service by making a brief reference to the work which I started and which is now in the hands of Raymond Robins, who is well and favorably known to Col. Buchan — a work which in the future will undoubtedly have to be somewhat altered and added to in order to meet new conditions. My work has been performed chiefly through a Russian "Committee on Civic Education" aided by Madame Breshkovsky, the Grandmother of the Revolution. She was assisted by Dr. David Soskice, the private secretary of the then Prime Minister Kerensky (now of London); Nicholas Basil Tchaikovsky, at one time Chairman of the Peasants Co-operative Society, and by other substantial social revolutionaries constituting the saving element of democracy as between the extreme "Right" of the official and property-owning class, and the extreme "Left" embodying the most radical elements of the socialistic parties. The aim of this committee, as stated in a cable message from Madame Breshkovsky to President Wilson, can be gathered from this quotation: "A widespread education is necessary to make Russia an orderly democracy. We plan to bring this education to the soldier in the camp, to the workman in the factory, to the peasant in the village." Those aiding in this work realized that for centuries the masses had been under the heel of Autocracy which had given them not protection but oppression; that a democratic form of government in Russian could be maintained only BY THE DEFEAT OF THE GERMAN ARMY; BY THE OVERTHROW OF GERMAN AUTOCRACY. Could free Russia, unprepared for great governmental responsibilities, uneducated, untrained, be expected long to survive with imperial Germany her next door neighbor? Certainly not. Democratic Russia would become speedily the greatest war prize the world has even known.

The Committee designed to have an educational center in each regiment of the Russian army, in the form of Soldiers' Clubs. These clubs were organized as rapidly as possible, and lecturers were employed to address the soldiers. The lecturers were in reality teachers, and it should be remembered that there is a percentage of 90 among the soldiers of Russia who can neither read nor write. At the time of the Bolshevik outbreak many of these speakers were in the field making a fine impression and obtaining excellent results. There were 250 in the city of Moscow alone. It was contemplated by the Committee to have at least 5000 of these lecturers. We had under publication many newspapers of the "A B C" class, printing matter in the simplest style, and were assisting about 100 more. These papers carried the appeal for patriotism, unity and co-ordination into the homes of the workmen and the peasants.

After the overthrow of the last Kerensky government we materially aided the dissemination of the Bolshevik literature, distributing it through agents and by aeroplanes to the German army. If the suggestion is permissible, it might be well to consider whether it would not be desirable to have this same Bolshevik literature sent into Germany and Austria across the West and Italian fronts.

EIGHTH

The presence of a small number of Allied troops in Petrograd would certainly have done much to prevent the overthrow of the Kerensky government in November. I should like to suggest for your consideration, if present conditions continue, the con